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March 6, 1987

FEBRUARY 1987 MONTHLY REPORT

# Surveys of Consumer Attitudes

Richard T. Curtin, *Director*

## *OVERALL SENTIMENT MAINTAINED DESPITE WEAK DOMESTIC ECONOMY*

•In the February 1987 survey, the Index of Consumer Sentiment was 90.2, nearly equal to the 90.4 recorded one month earlier, but below the year earlier figure of 95.9. Among families with incomes of $30,000 or more, the Index rose to 103.6 in February from 101.2 in January, although it still remained below the year earlier reading of 107.8.

•Consumers continued to express favorable prospects for their own financial situation during the year ahead. An improved financial situation was expected by 38 percent of all families in the February 1987 survey, up somewhat from the 35 percent recorded a year earlier. Financial reversals were expected by just 12 percent in both years. Income increases during the year ahead were expected by 59 percent in February 1987, just below the 60 percent recorded in February 1986. The size of the expected increase was smaller, however, in the February 1987 survey than one year earlier—3.9% versus 4.8% Since mid 1986, the proportion of families that expect their family income to grow by less than the inflation rate has increased, rising to 36 percent in February 1987, from the July 1986 low of 28 percent.

•The proportion of families that had heard news of favorable economic developments rose to 36 percent in February 1987, from the three year low of 22 percent in December 1986. Most of the improvement concerned jobs: fewer respondents mentioned increases in unemployment (23, down from 33 percent), and reports of increases in employment rose somewhat (10, up from 7 percent). Despite this recent improvement, however, unemployment expectations remained less favorable than one or two years earlier, with just 14 percent expecting any further reductions during 1987.

•The proportion of families that thought that the national economy had improved during the past year rose to 47 percent in February, from the three year low of 40 percent in December. Even after this improvement, this reading is still less favorable than a year earlier (51 percent), and substantially below the peak of 75 percent recorded three years earlier. Moreover, for only the second time in more than three years, the proportion of families that expected the economy to worsen exceeded the proportion that expected it to improve during the year ahead (23 versus 22 percent).

•Despite slow growth, good times financially in the country as a whole were expected to continue during the year ahead by 53 percent of all families in the February 1987 survey, unchanged from one month earlier, and below the year earlier reading of 61 percent. However, the majority did expect the economy to slide into recession during the next two to five years—by 50 percent in the February 1987 survey, up from 44 percent one year earlier. Confidence in government economic policies rose slightly in February from one month earlier, but overall remained at its lowest level since the end of the last recession. Among all families in the February 1987 survey, more families rated economic policies unfavorably than favorably (26 versus 23 percent).

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- Attitudes toward buying conditions for homes remained at very favorable levels in the February 1987 survey. Among all families, 81 percent held favorable home buying attitudes in February, up from 76 percent one month and one year earlier. These favorable attitudes continue to be based on the availability of reduced mortgage interest rates, mentioned by 74 percent of all families. Perceptions of market prices for homes continued to be positive, as more than three times as many families mentioned the current availability of good housing buys than complained about high housing prices (22 versus 6 percent).

- The proportion holding favorable vehicle buying attitudes rose to 62 percent in the February 1987 survey, from 55 percent one month earlier. The improvement was due to the greater availability of price discounts and rebates—reported by 29 percent in February 1987, up from 21 percent one month earlier, while complaints about high prices fell to 13 from 17 percent. Despite this recent improvement, favorable car buying attitudes are much less favorable than at the September 1986 peak of 81 percent, or the 73 percent recorded in last February's survey. Although more families mentioned price discounts in February than a year earlier (29 versus 22 percent), the increase was not enough to offset the decline in favorable perceptions of interest rates on vehicle purchases. Among all families in the February 1987 survey, 38 percent mentioned the availability of interest rate discounts, down from the peak of 73 percent in September, and 53 percent one year earlier.

• • •

Attitudes toward the national economy improved by a modest extent in the February 1987 survey, but the improvement nonetheless left evaluations of the economy near the lowest levels recorded during the past three years. Most consumers now expect economic growth to be minimal during the year ahead, but do not expect a recession. Over the next two to five years, however, the majority expected the economy to slip into recession. In contrast to the significant declines in evaluations of the general economy, consumers continue to favorably view their own personal financial situation. These positive evaluations have been built and sustained by low rates of inflation. Increases in the inflation rate during the year ahead would erode this favorable base, but such increases are unlikely to provide the impetus for a sharp or sudden drop. Comparable increases in interest rates, in contrast, would have a more substantial and more immediate impact on buying decisions. Importantly, consumers remain willing to spend, but expect to be enticed by discounts on prices and interest rates. Since consumers have learned that discounts are offered repeatedly in response to slow sales, they are more willing to wait, especially given this late stage of the current expansion. The outlook for consumption remains favorable in that sales rates of homes and vehicles will show only modest declines from the 1986 peak rates.

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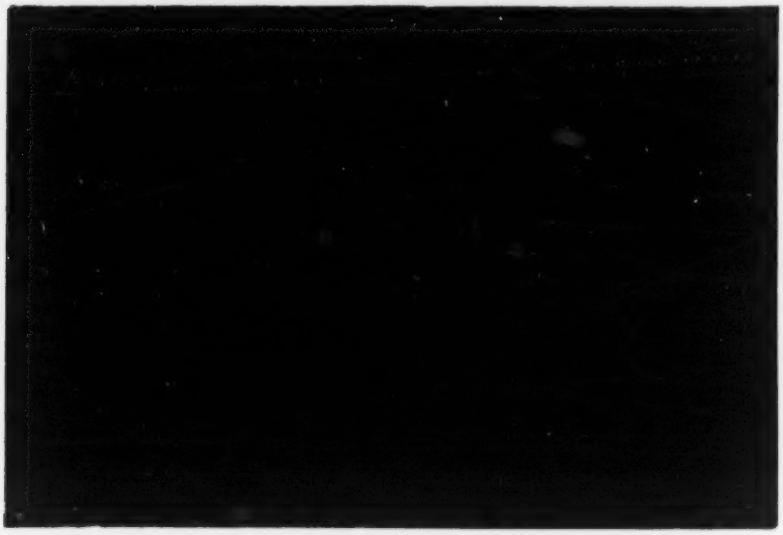
# SURVEYS OF CONSUMER ATTITUDES



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# TABLES AND CHARTS

MARCH 1987

The March 1987 survey is the 224th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

While every effort is made to accurately measure consumer attitudes and expectations, factors other than sampling may also affect the accuracy of these (and other) findings. These factors may include effects of the question wording, the ability of respondents to articulate answers and opinions, refusal to participate in the survey, and incomplete coverage of the population. There are no standard measures of these effects, but their presence should be acknowledged when using these and all other survey data. While measurement effects are present in all surveys, a noted advantage of time-series data is that the non-sampling influences remain relatively constant over samples.

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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

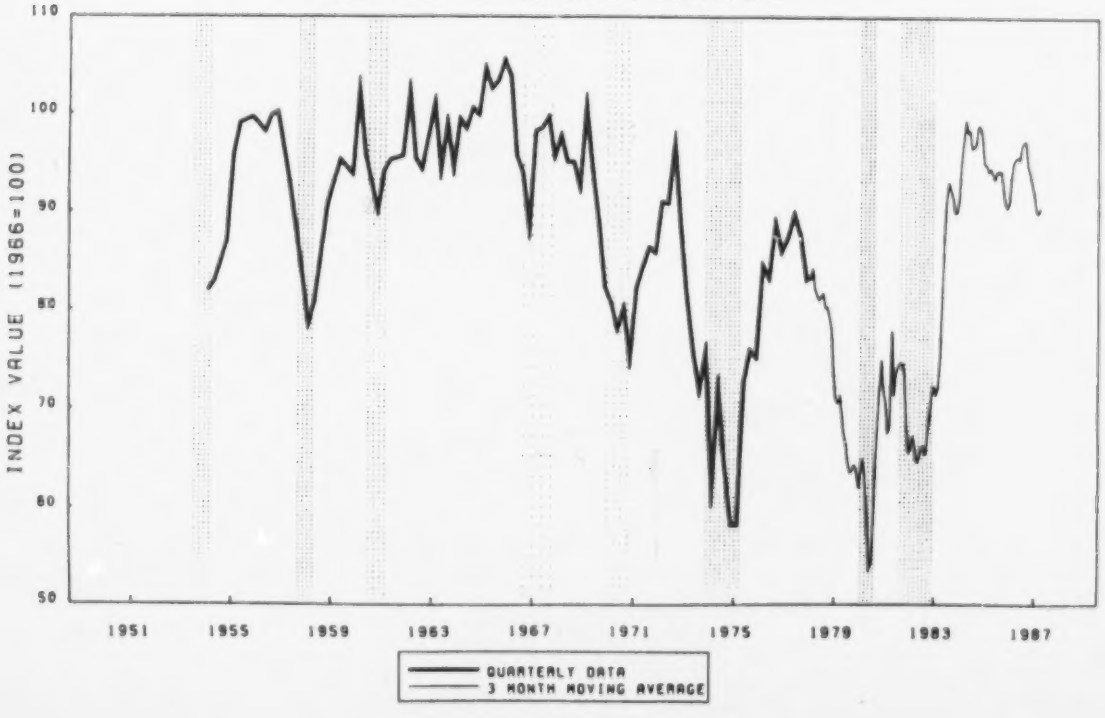


TABLE 1

THE INDEX OF CONSUMER SENTIMENT

| DATE OF SURVEY | All families | Families with incomes over $30,000 | Families with incomes over $40,000 |
|---|---|---|---|
| March 1984 | 101.0 | 117.8 | 118.3 |
| April 1984 | 96.1 | 107.0 | 107.8 |
| May 1984 | 98.1 | 107.8 | 108.9 |
| June 1984 | 95.5 | 105.5 | 108.6 |
| July 1984 | 96.6 | 102.7 | 109.2 |
| August 1984 | 99.1 | 113.3 | 116.4 |
| September 1984 | 100.9 | 110.8 | 112.9 |
| October 1984 | 96.3 | 113.5 | 114.8 |
| November 1984 | 95.7 | 112.9 | 113.6 |
| December 1984 | 92.9 | 101.5 | 101.7 |
| January 1985 | 96.0 | 110.2 | 112.1 |
| February 1985 | 93.7 | 113.8 | 113.8 |
| March 1985 | 93.7 | 110.8 | 114.4 |
| April 1985 | 94.6 | 108.9 | 114.9 |
| May 1985 | 91.8 | 105.3 | 107.7 |
| June 1985 | 96.5 | 107.4 | 110.3 |
| July 1985 | 94.0 | 105.2 | 109.5 |
| August 1985 | 92.4 | 106.7 | 110.2 |
| September 1985 | 92.1 | 101.7 | 104.9 |
| October 1985 | 88.4 | 99.6 | 107.4 |
| November 1985 | 90.9 | 100.8 | 100.3 |
| December 1985 | 93.9 | 106.0 | 108.3 |
| January 1986 | 95.6 | 109.7 | 110.1 |
| February 1986 | 95.9 | 107.8 | 109.0 |
| March 1986 | 95.1 | 102.9 | 110.2 |
| April 1986 | 96.2 | 106.9 | 111.0 |
| May 1986 | 94.8 | 105.5 | 109.9 |
| June 1986 | 99.3 | 110.6 | 112.4 |
| July 1986 | 97.7 | 109.6 | 108.5 |
| August 1986 | 94.9 | 105.0 | 106.6 |
| September 1986 | 91.9 | 99.5 | 102.1 |
| October 1986 | 95.6 | 102.8 | 105.5 |
| November 1986 | 91.4 | 97.5 | 98.7 |
| December 1986 | 89.1 | 98.7 | 98.3 |
| January 1987 | 90.4 | 101.2 | 104.0 |
| February 1987 | 90.2 | 103.6 | 103.6 |
| March 1987 | 90.8 | 97.8 | 96.1 |

CHART 2A - HISTORICAL SERIES

INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

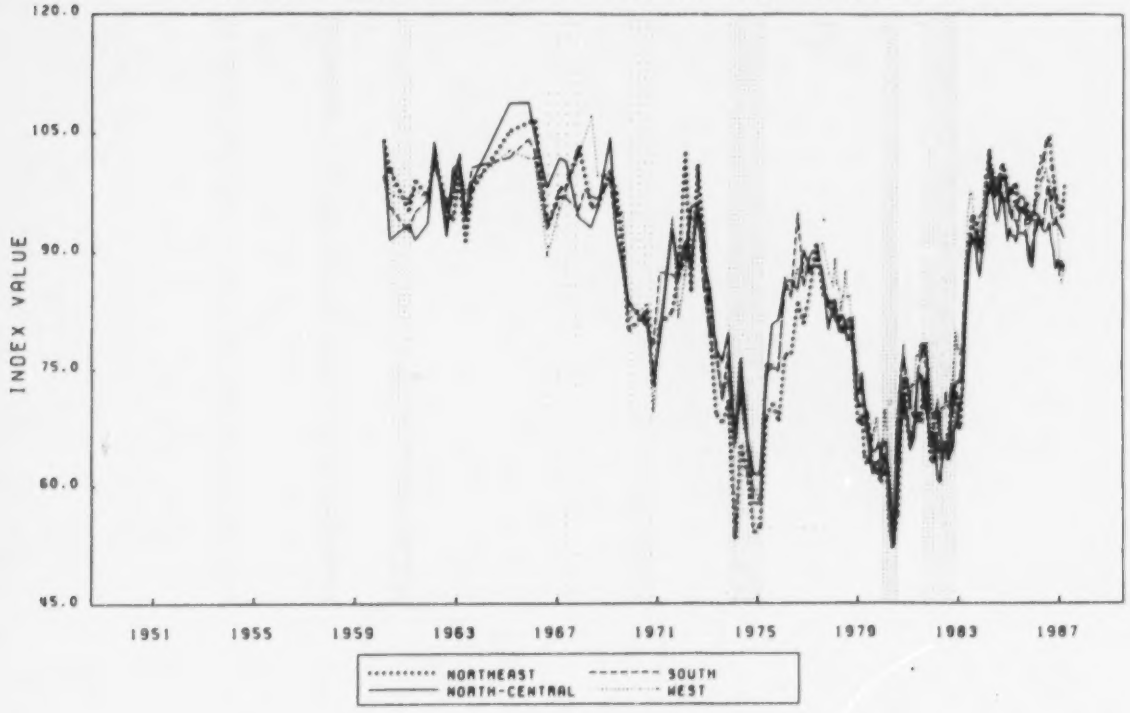



CHART 2B - HISTORICAL SERIES

INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

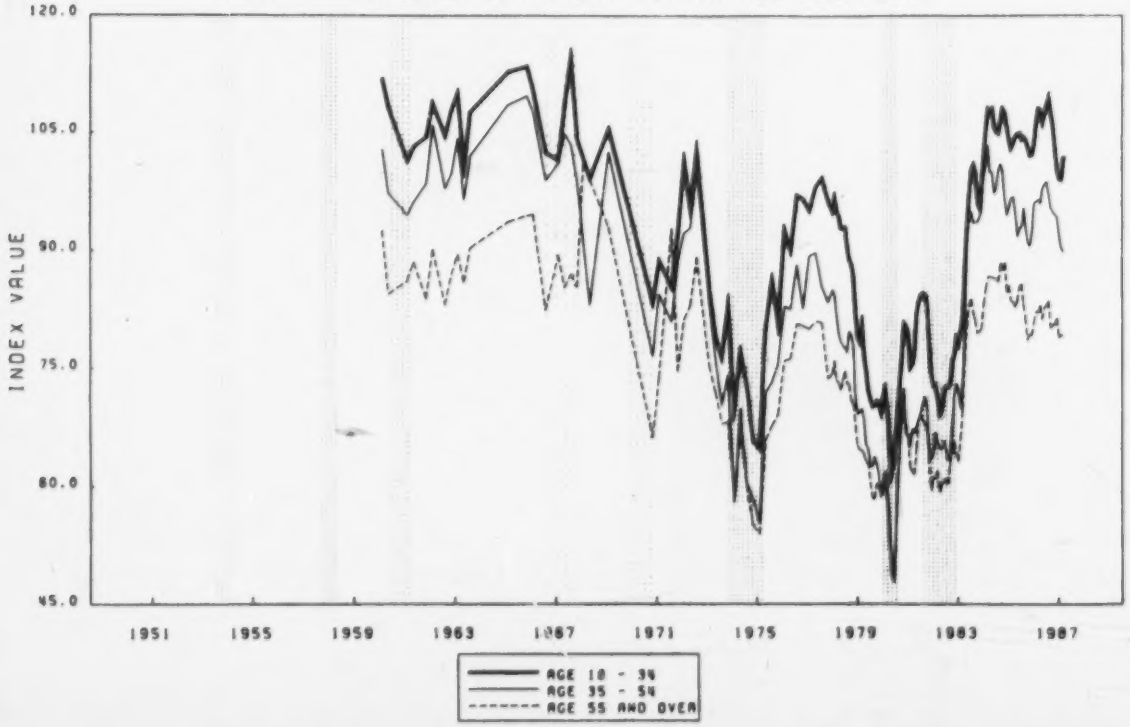


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

| DATE OF SURVEY | | CENSUS REGION | | | | AGE OF RESPONDENT | | |
|---|---|---|---|---|---|---|---|---|
| | | North East | North Central | South | West | 18-34 | 35-54 | 55+ |
| March | 1984 | 104.8 | 98.5 | 102.1 | 97.5 | 109.9 | 105.2 | 86.6 |
| April | 1984 | 92.8 | 96.1 | 96.5 | 100.5 | 107.2 | 95.4 | 86.0 |
| May | 1984 | 98.8 | 96.3 | 96.5 | 103.9 | 107.5 | 98.8 | 86.6 |
| June | 1984 | 100.1 | 92.1 | 95.0 | 93.7 | 103.0 | 97.1 | 85.9 |
| July | 1984 | 94.3 | 92.5 | 100.5 | 99.3 | 104.9 | 98.2 | 87.1 |
| August | 1984 | 103.1 | 100.2 | 97.5 | 95.4 | 106.8 | 105.3 | 85.2 |
| September | 1984 | 105.0 | 99.3 | 99.7 | 99.9 | 108.5 | 99.9 | 93.3 |
| October | 1984 | 92.5 | 89.4 | 100.9 | 101.7 | 108.9 | 95.5 | 84.2 |
| November | 1984 | 100.3 | 93.3 | 95.6 | 94.1 | 105.5 | 94.0 | 88.1 |
| December | 1984 | 94.8 | 90.3 | 93.4 | 94.0 | 102.9 | 94.1 | 82.2 |
| January | 1985 | 98.2 | 94.5 | 94.6 | 97.8 | 104.2 | 99.0 | 86.6 |
| February | 1985 | 97.9 | 90.4 | 96.6 | 89.7 | 102.0 | 97.0 | 82.3 |
| March | 1985 | 98.3 | 90.6 | 89.8 | 101.1 | 104.7 | 94.7 | 82.0 |
| April | 1985 | 98.1 | 91.7 | 94.8 | 95.3 | 106.9 | 92.9 | 84.3 |
| May | 1985 | 88.8 | 94.0 | 91.9 | 91.3 | 103.2 | 87.9 | 84.6 |
| June | 1985 | 97.7 | 90.4 | 99.0 | 103.6 | 105.0 | 97.8 | 87.9 |
| July | 1985 | 98.4 | 91.8 | 92.9 | 94.8 | 104.4 | 93.7 | 84.8 |
| August | 1985 | 90.7 | 93.4 | 93.6 | 90.6 | 104.2 | 94.9 | 77.3 |
| September | 1985 | 98.5 | 91.5 | 87.0 | 97.5 | 103.7 | 89.6 | 82.8 |
| October | 1985 | 92.3 | 81.7 | 90.7 | 90.0 | 101.6 | 88.6 | 76.0 |
| November | 1985 | 92.8 | 90.7 | 88.4 | 93.1 | 101.1 | 93.5 | 79.3 |
| December | 1985 | 98.2 | 90.8 | 92.0 | 98.1 | 103.8 | 95.3 | 82.6 |
| January | 1986 | 96.7 | 93.9 | 98.2 | 93.7 | 105.5 | 99.4 | 80.8 |
| February | 1986 | 103.4 | 92.7 | 93.2 | 98.0 | 109.7 | 94.1 | 83.8 |
| March | 1986 | 99.1 | 94.9 | 91.3 | 98.9 | 109.1 | 96.0 | 82.0 |
| April | 1986 | 102.7 | 92.3 | 94.4 | 99.5 | 104.8 | 97.8 | 83.6 |
| May | 1986 | 101.2 | 90.1 | 93.5 | 98.8 | 104.9 | 99.9 | 78.3 |
| June | 1986 | 106.2 | 94.1 | 98.5 | 102.7 | 112.7 | 97.9 | 86.6 |
| July | 1986 | 103.9 | 93.4 | 101.7 | 94.7 | 108.2 | 98.6 | 84.5 |
| August | 1986 | 102.5 | 92.6 | 90.5 | 98.2 | 107.9 | 95.2 | 80.1 |
| September | 1986 | 94.6 | 87.0 | 91.9 | 95.8 | 106.3 | 92.4 | 76.1 |
| October | 1986 | 99.1 | 90.0 | 96.5 | 99.3 | 102.5 | 97.3 | 85.7 |
| November | 1986 | 95.8 | 85.6 | 93.2 | 92.3 | 99.5 | 94.2 | 80.4 |
| December | 1986 | 91.8 | 90.4 | 89.5 | 84.0 | 98.0 | 91.3 | 78.3 |
| January | 1987 | 98.1 | 85.9 | 96.0 | 83.9 | 99.9 | 91.2 | 78.4 |
| February | 1987 | 92.4 | 89.5 | 90.7 | 89.2 | 99.1 | 89.2 | 81.5 |
| March | 1987 | 104.6 | 86.3 | 87.5 | 91.2 | 106.4 | 89.3 | 77.7 |

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

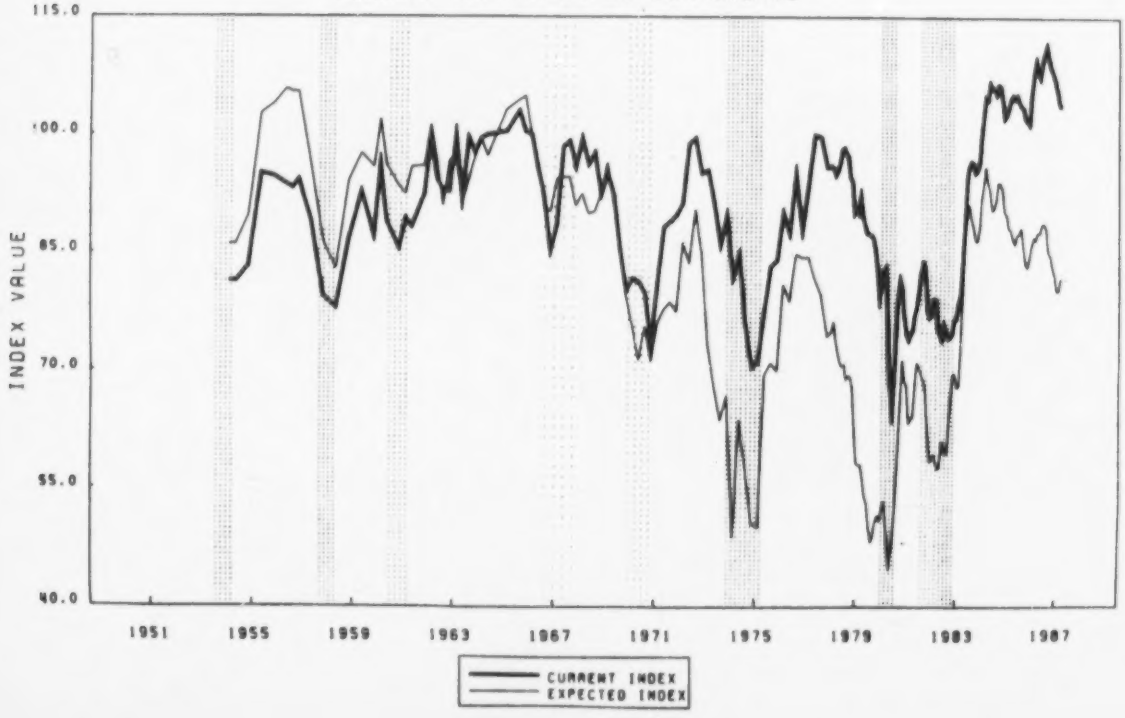


TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

| DATE OF SURVEY | INDEX COMPONENTS + | | | | | | |
|---|---|---|---|---|---|---|---|
| | Personal finances | | Business conditions | | | | |
| | Current (1) | Expected (2) | 12 months (3) | 5 years (4) | Buying conds. (5) | Current Index (1,5) | Expected Index (2,3,4) |
| March 1984 | 122 | 135 | 146 | 113 | 153 | 106.0 | 97.7 |
| April 1984 | 116 | 125 | 136 | 107 | 152 | 103.5 | 91.4 |
| May 1984 | 121 | 129 | 131 | 105 | 164 | 109.8 | 90.6 |
| June 1984 | 126 | 124 | 131 | 106 | 145 | 104.4 | 89.8 |
| July 1984 | 117 | 124 | 133 | 113 | 152 | 103.9 | 91.9 |
| August 1984 | 125 | 129 | 137 | 111 | 153 | 107.5 | 93.7 |
| September 1984 | 125 | 131 | 142 | 116 | 154 | 107.8 | 96.4 |
| October 1984 | 118 | 127 | 134 | 107 | 150 | 103.6 | 91.6 |
| November 1984 | 121 | 129 | 132 | 107 | 144 | 102.4 | 91.5 |
| December 1984 | 118 | 125 | 131 | 98 | 143 | 100.6 | 87.9 |
| January 1985 | 119 | 124 | 135 | 104 | 153 | 104.9 | 90.3 |
| February 1985 | 115 | 120 | 131 | 96 | 158 | 105.1 | 86.5 |
| March 1985 | 112 | 123 | 133 | 96 | 156 | 103.7 | 87.3 |
| April 1985 | 116 | 127 | 128 | 95 | 161 | 106.6 | 87.0 |
| May 1985 | 116 | 120 | 121 | 97 | 152 | 103.7 | 84.2 |
| June 1985 | 115 | 127 | 133 | 106 | 157 | 104.9 | 91.1 |
| July 1985 | 116 | 124 | 129 | 98 | 154 | 104.3 | 87.4 |
| August 1985 | 112 | 123 | 125 | 99 | 152 | 101.8 | 86.3 |
| September 1985 | 116 | 124 | 118 | 96 | 155 | 104.3 | 84.2 |
| October 1985 | 111 | 123 | 111 | 90 | 148 | 100.3 | 80.8 |
| November 1985 | 111 | 124 | 120 | 96 | 150 | 100.7 | 84.5 |
| December 1985 | 120 | 124 | 127 | 103 | 147 | 103.1 | 88.1 |
| January 1986 | 122 | 123 | 126 | 93 | 168 | 111.8 | 85.3 |
| February 1986 | 117 | 123 | 132 | 98 | 164 | 108.4 | 87.8 |
| March 1986 | 120 | 124 | 129 | 96 | 160 | 107.9 | 86.9 |
| April 1986 | 120 | 128 | 133 | 94 | 160 | 108.1 | 88.5 |
| May 1986 | 117 | 129 | 131 | 92 | 158 | 106.2 | 87.5 |
| June 1986 | 124 | 127 | 136 | 100 | 170 | 113.3 | 90.3 |
| July 1986 | 126 | 130 | 131 | 94 | 165 | 112.1 | 88.5 |
| August 1986 | 121 | 128 | 123 | 94 | 161 | 108.9 | 85.9 |
| September 1986 | 120 | 127 | 115 | 84 | 161 | 108.3 | 81.3 |
| October 1986 | 120 | 127 | 124 | 99 | 162 | 108.9 | 87.1 |
| November 1986 | 121 | 121 | 120 | 87 | 155 | 106.7 | 81.6 |
| December 1986 | 116 | 127 | 104 | 83 | 158 | 105.8 | 78.3 |
| January 1987 | 120 | 130 | 117 | 77 | 152 | 105.1 | 80.9 |
| February 1987 | 115 | 126 | 117 | 84 | 153 | 103.7 | 81.6 |
| March 1987 | 114 | 122 | 121 | 92 | 152 | 102.5 | 83.3 |

(1) See Table 4.
(2) See Table 6.
(3) See Table 15.
(4) See Table 16.
(5) See Table 21.
+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

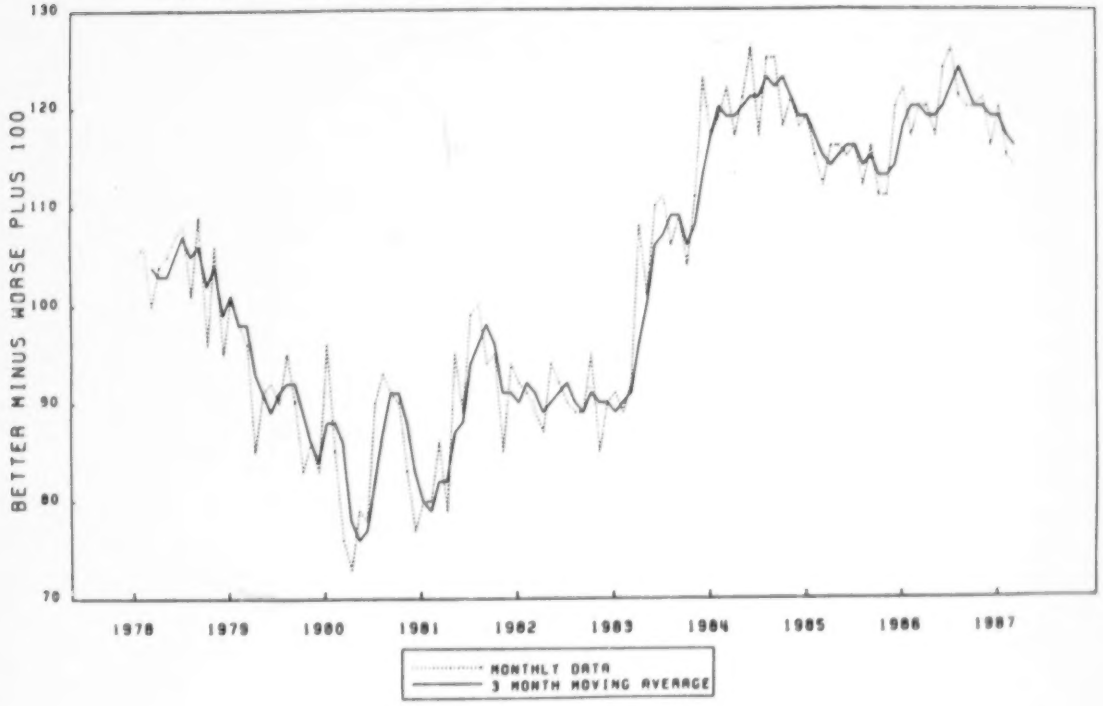



CHART 4 - HISTORICAL SERIES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

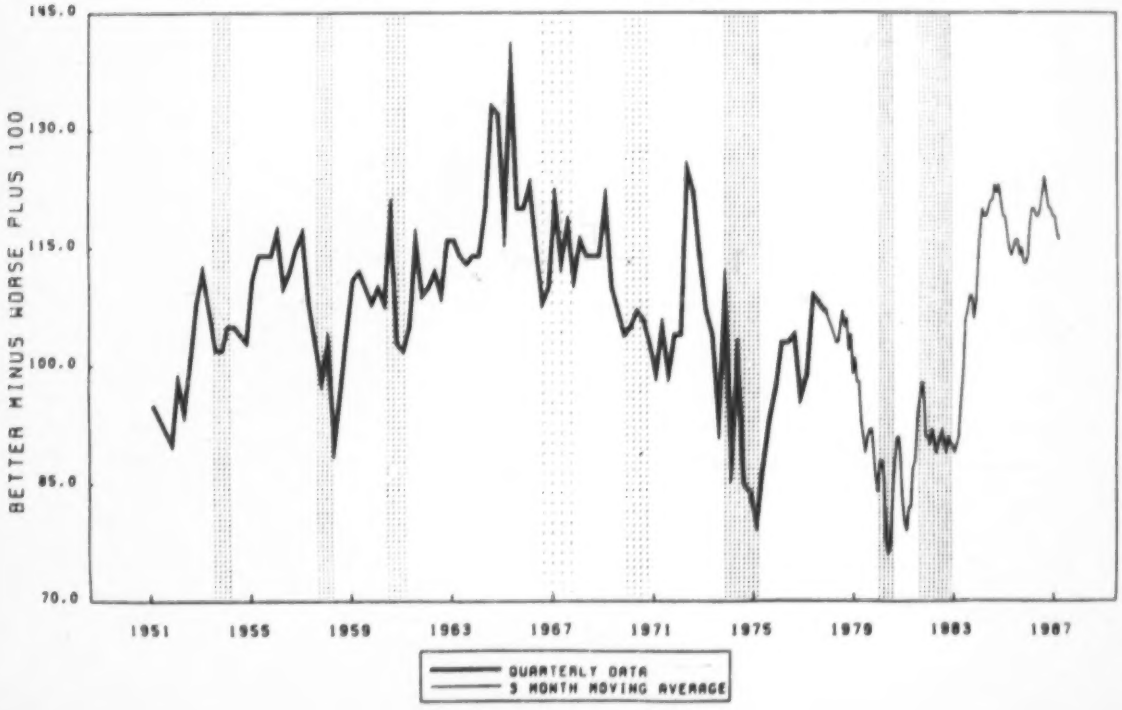


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BETTER OFF | 44% | 45% | 42% | 47% | 49% | 46% | 45% | 44% | 43% | 43% | 45% | 44% | 41% |
| SAME | 32 | 30 | 33 | 29 | 28 | 28 | 30 | 32 | 35 | 30 | 29 | 27 | 32 |
| WORSE OFF | 24 | 25 | 25 | 23 | 23 | 25 | 25 | 24 | 22 | 27 | 25 | 29 | 27 |
| DK,NA | * | * | * | 1 | * | 1 | * | * | * | * | 1 | * | * |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 658 | 658 | 655 | 658 | 665 | 653 | 659 | 651 | 656 | 653 | 655 | 657 | 652 |

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

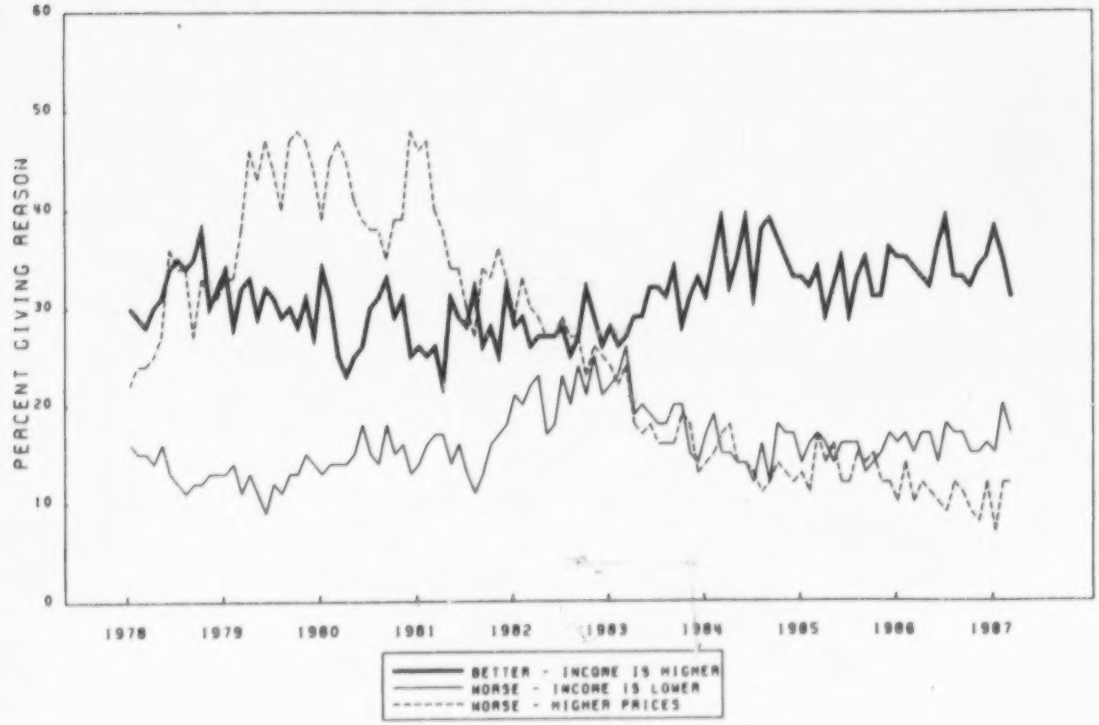



CHART 5 - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

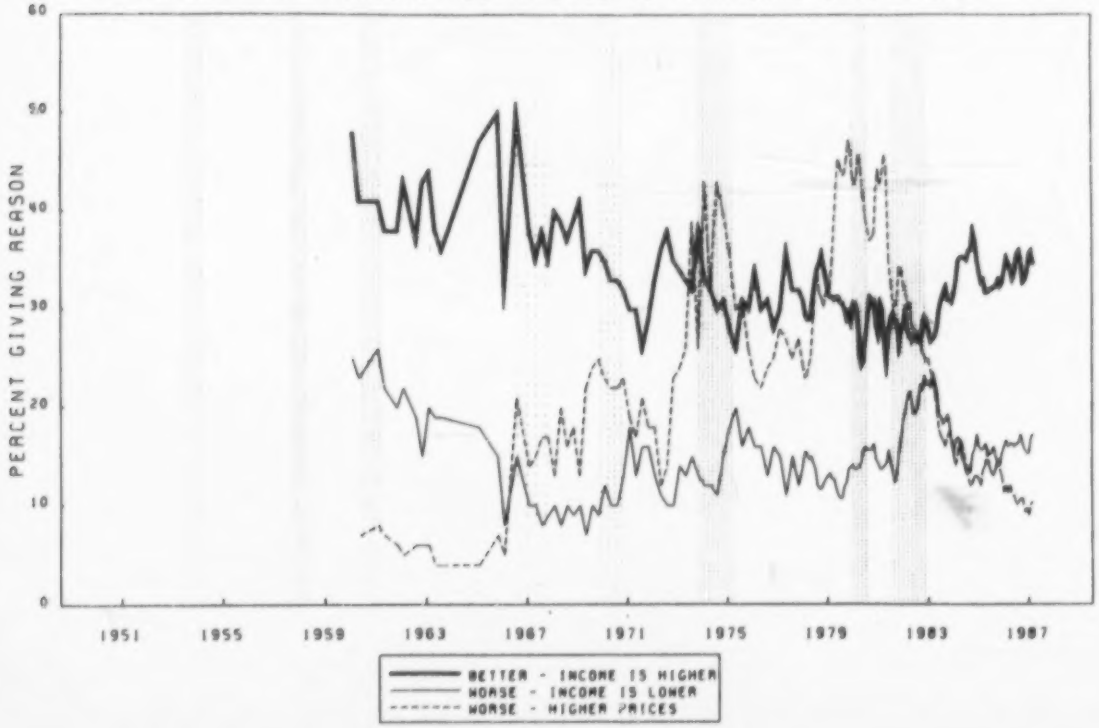


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BETTER OFF THAN YEAR AGO: | | | | | | | | | | | | | |
| Income is higher | 34% | 33% | 32% | 36% | 39% | 33% | 33% | 32% | 34% | 35% | 38% | 35% | 31% |
| WORSE OFF THAN YEAR AGO: | | | | | | | | | | | | | |
| Income is lower | 15 | 17 | 17 | 14 | 18 | 17 | 17 | 15 | 15 | 16 | 15 | 20 | 17 |
| Higher prices | 10 | 12 | 11 | 10 | 9 | 12 | 11 | 9 | 8 | 12 | 7 | 12 | 12 |

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES

EXPECTED CHANGE IN FINANCIAL SITUATION

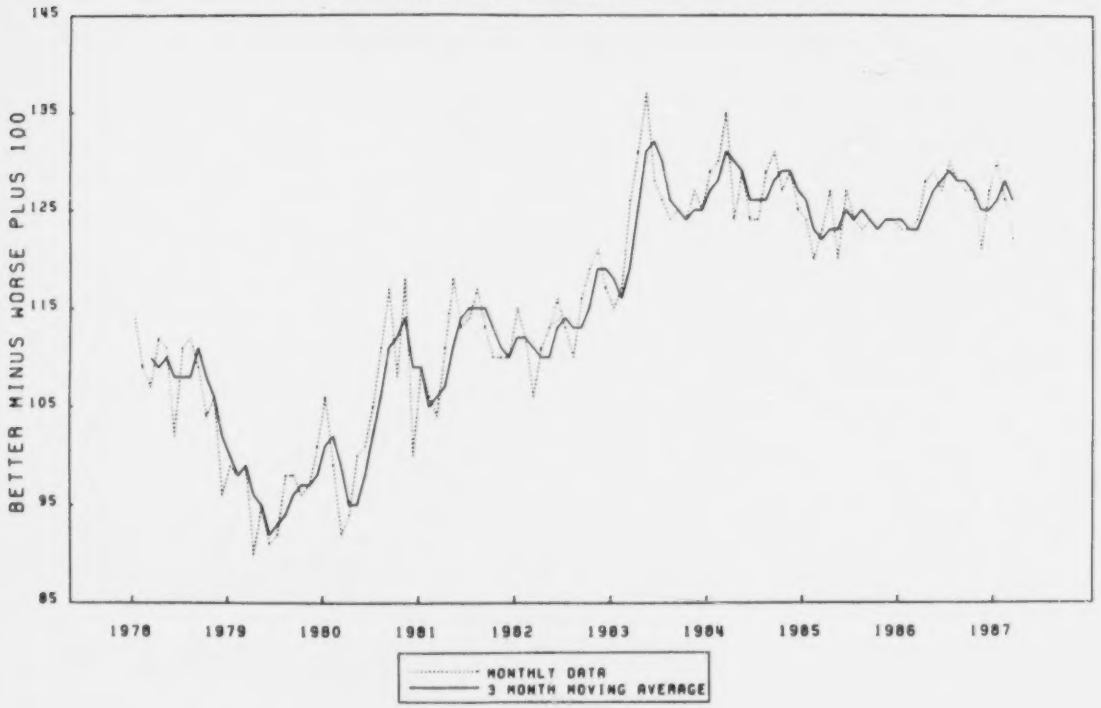



CHART 6 - HISTORICAL SERIES

EXPECTED CHANGE IN FINANCIAL SITUATION

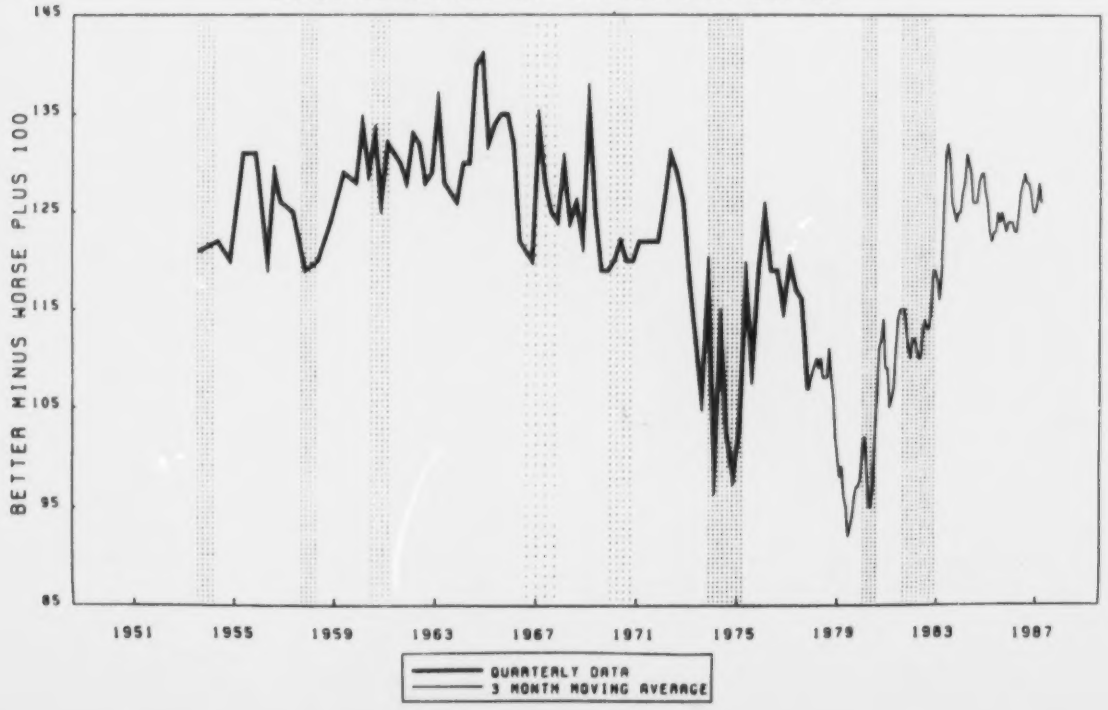


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BETTER OFF | 37% | 38% | 40% | 38% | 38% | 39% | 38% | 37% | 33% | 36% | 39% | 38% | 33% |
| SAME | 47 | 49 | 47 | 49 | 52 | 48 | 47 | 51 | 52 | 52 | 48 | 48 | 53 |
| WORSE OFF | 13 | 10 | 11 | 11 | 8 | 11 | 11 | 10 | 12 | 9 | 9 | 12 | 11 |
| DK,NA | 3 | 3 | 2 | 2 | 2 | 2 | 4 | 2 | 3 | 3 | 4 | 2 | 3 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 658 | 658 | 655 | 658 | 665 | 653 | 659 | 651 | 656 | 653 | 655 | 657 | 652 |

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES

TREND IN PERSONAL FINANCIAL SITUATION

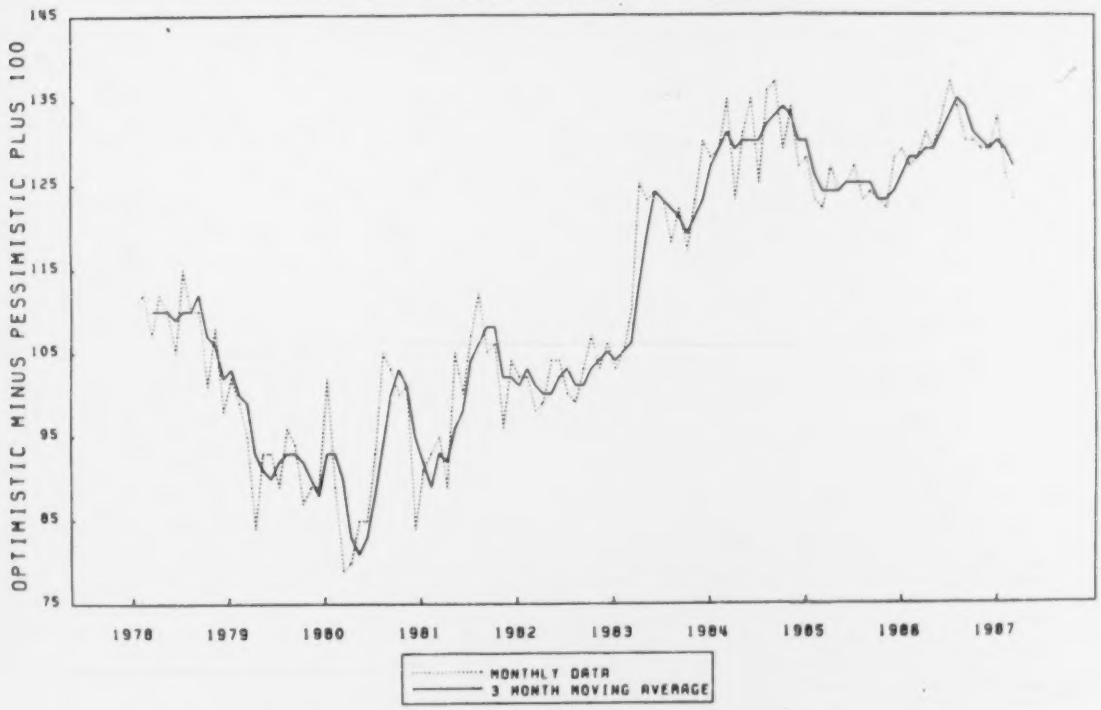



CHART 7 - HISTORICAL SERIES

TREND IN PERSONAL FINANCIAL SITUATION

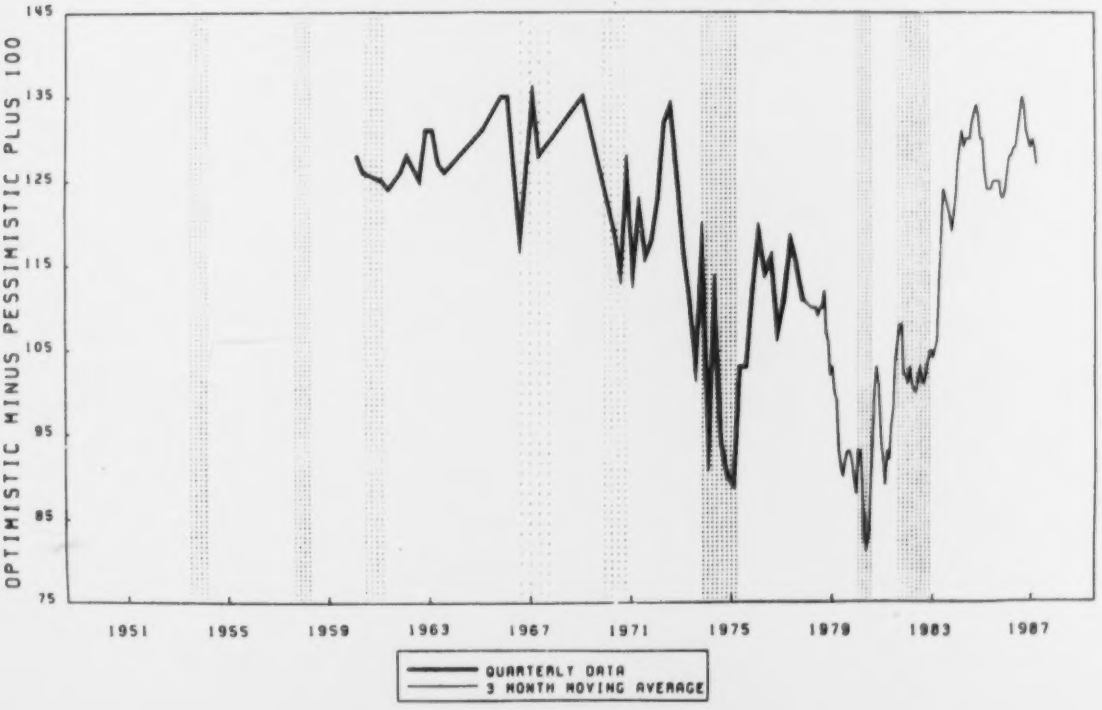


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PERSONAL FINANCIAL PROGRESS: | | | | | | | | | | | | | |
| Continuous increase (a) | 22% | 23% | 22% | 22% | 23% | 21% | 21% | 22% | 18% | 18% | 22% | 22% | 19% |
| Intermittant increase (b) | 27 | 28 | 26 | 29 | 29 | 32 | 29 | 27 | 29 | 29 | 28 | 27 | 25 |
| Remain unchanged (c) | 18 | 16 | 19 | 18 | 19 | 15 | 16 | 19 | 22 | 19 | 17 | 15 | 22 |
| Intermittant decline (d) | 14 | 16 | 15 | 14 | 12 | 13 | 15 | 16 | 13 | 14 | 14 | 17 | 16 |
| Continuous decline (e) | 7 | 4 | 4 | 4 | 3 | 6 | 5 | 3 | 5 | 4 | 3 | 6 | 5 |
| Mixed change (f) | 9 | 10 | 11 | 11 | 11 | 11 | 10 | 11 | 10 | 13 | 12 | 11 | 10 |
| DK,NA | 3 | 3 | 3 | 2 | 3 | 2 | 4 | 2 | 3 | 3 | 4 | 2 | 3 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 658 | 658 | 655 | 658 | 665 | 653 | 659 | 651 | 656 | 653 | 655 | 657 | 652 |

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART B - RECENT CHANGES

MEDIAN EXPECTED CHANGE IN FAMILY INCOME

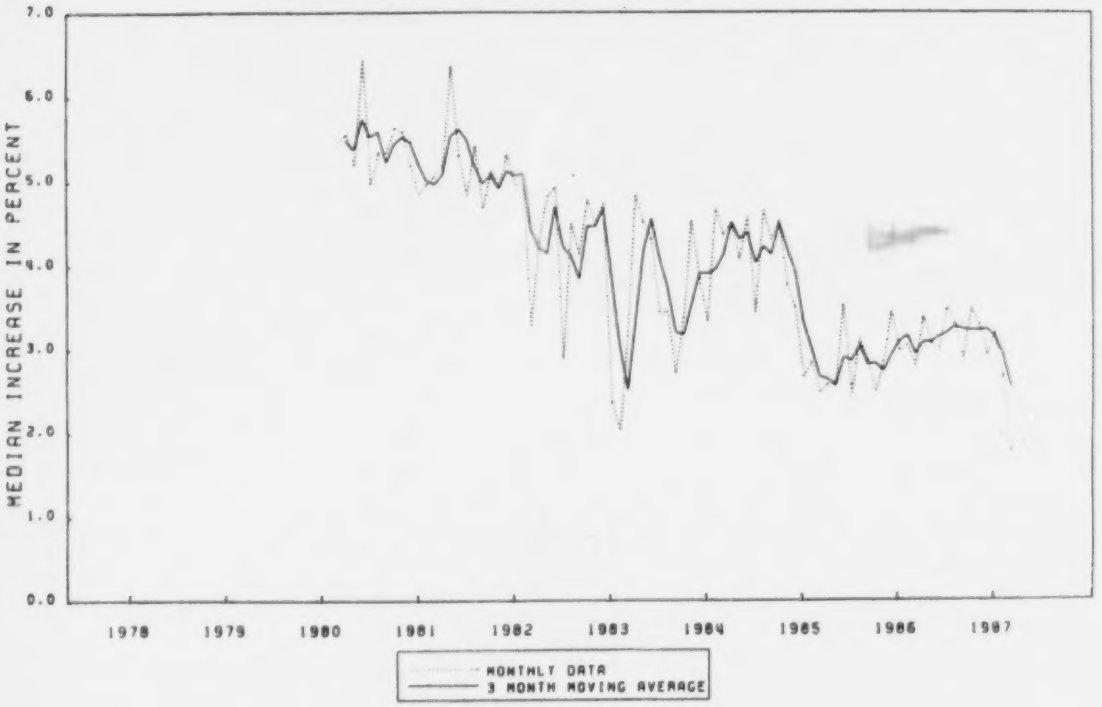



CHART B - HISTORICAL SERIES

MEDIAN EXPECTED CHANGE IN FAMILY INCOME

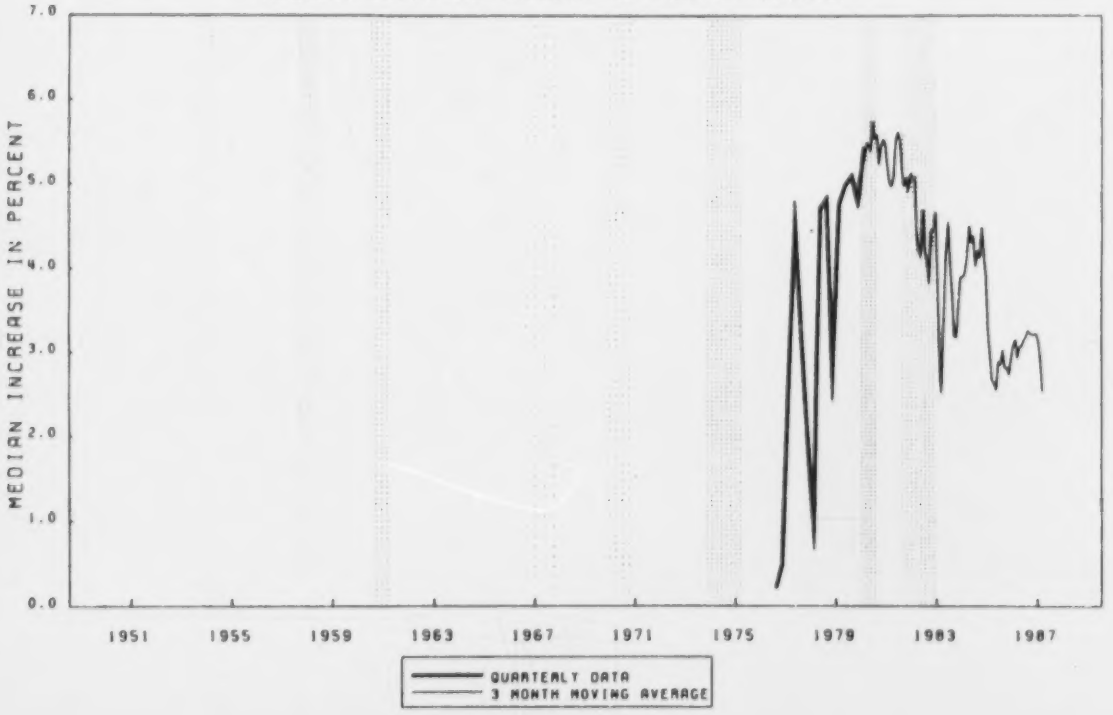


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EXPECT INCREASE: | | | | | | | | | | | | | |
| 1-4% | 16% | 13% | 16% | 15% | 15% | 16% | 16% | 14% | 17% | 18% | 16% | 15% | 17% |
| 5% | 10 | 9 | 9 | 11 | 12 | 11 | 15 | 12 | 13 | 12 | 11 | 12 | 11 |
| 6-9% | 6 | 8 | 10 | 8 | 8 | 7 | 7 | 6 | 9 | 8 | 8 | 5 | 7 |
| 10-24% | 14 | 19 | 15 | 15 | 17 | 14 | 15 | 19 | 15 | 14 | 17 | 15 | 11 |
| 25% or more | 7 | 7 | 6 | 7 | 8 | 9 | 4 | 7 | 6 | 6 | 6 | 6 | 5 |
| DK how much up | 4 | 3 | 3 | 3 | 4 | 5 | 3 | 3 | 4 | 4 | 4 | 6 | 6 |
| EXPECT SAME | 27 | 25 | 25 | 25 | 22 | 24 | 26 | 26 | 23 | 26 | 25 | 27 | 28 |
| EXPECT DOWN | 15 | 15 | 14 | 14 | 14 | 13 | 13 | 12 | 12 | 12 | 12 | 14 | 15 |
| DK,NA | 1 | 1 | 2 | 2 | * | 1 | 1 | 1 | 1 | * | 1 | * | * |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 658 | 658 | 655 | 658 | 665 | 653 | 659 | 651 | 656 | 653 | 655 | 657 | 652 |

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES

INCOME OR PRICES UP MORE NEXT YEAR

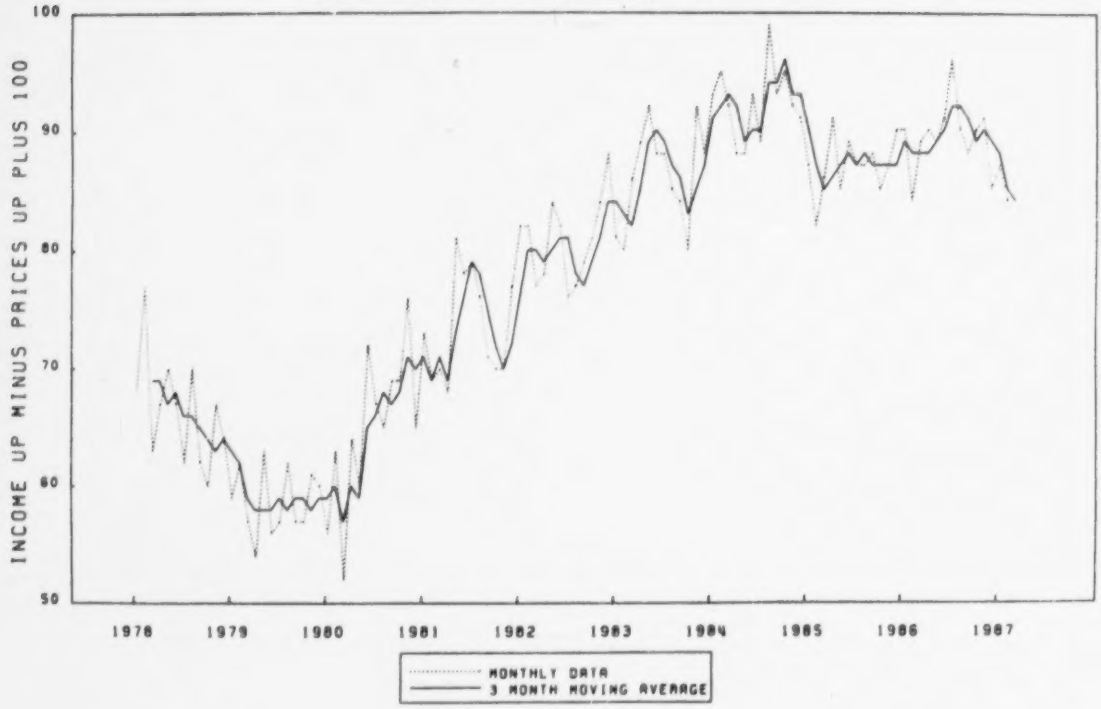



CHART 9 - HISTORICAL SERIES

INCOME OR PRICES UP MORE NEXT YEAR

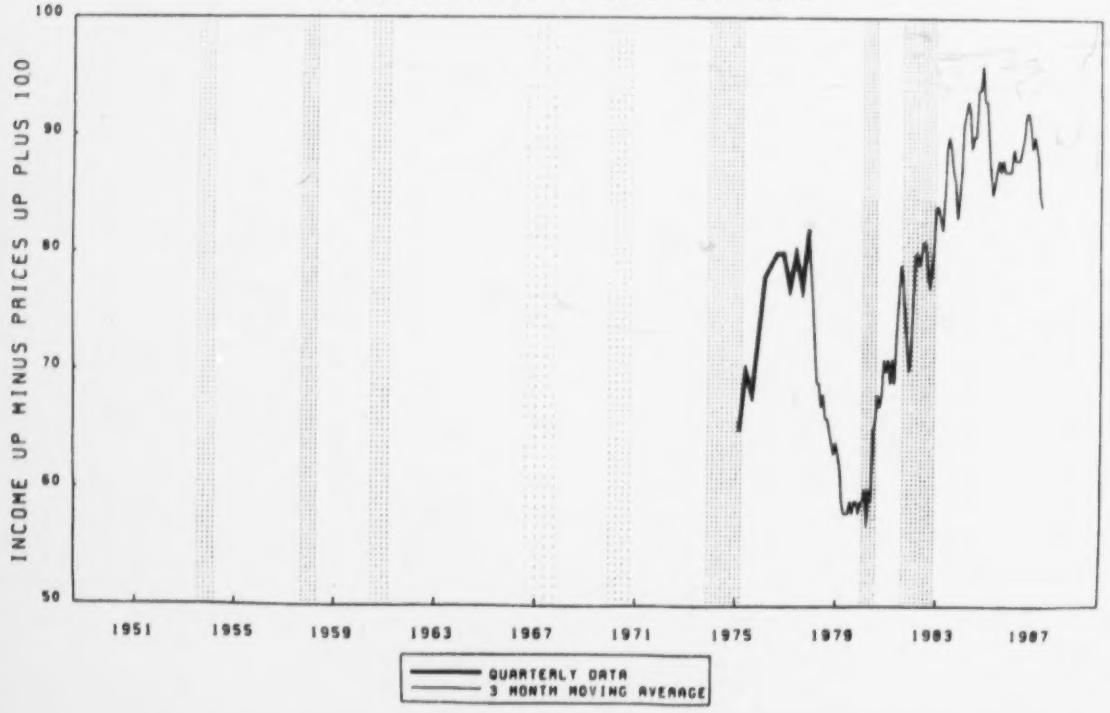


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| INCOME UP MORE | 21% | 21% | 21% | 23% | 24% | 22% | 20% | 22% | 21% | 19% | 22% | 20% | 18% |
| INCOME UP SAME | 44 | 45 | 44 | 43 | 47 | 44 | 47 | 45 | 47 | 45 | 41 | 42 | 44 |
| PRICES UP MORE | 32 | 31 | 32 | 32 | 28 | 32 | 32 | 32 | 30 | 34 | 35 | 36 | 36 |
| DK,NA | 3 | 3 | 3 | 2 | 1 | 2 | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 658 | 658 | 655 | 658 | 665 | 653 | 659 | 651 | 656 | 653 | 655 | 657 | 652 |

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

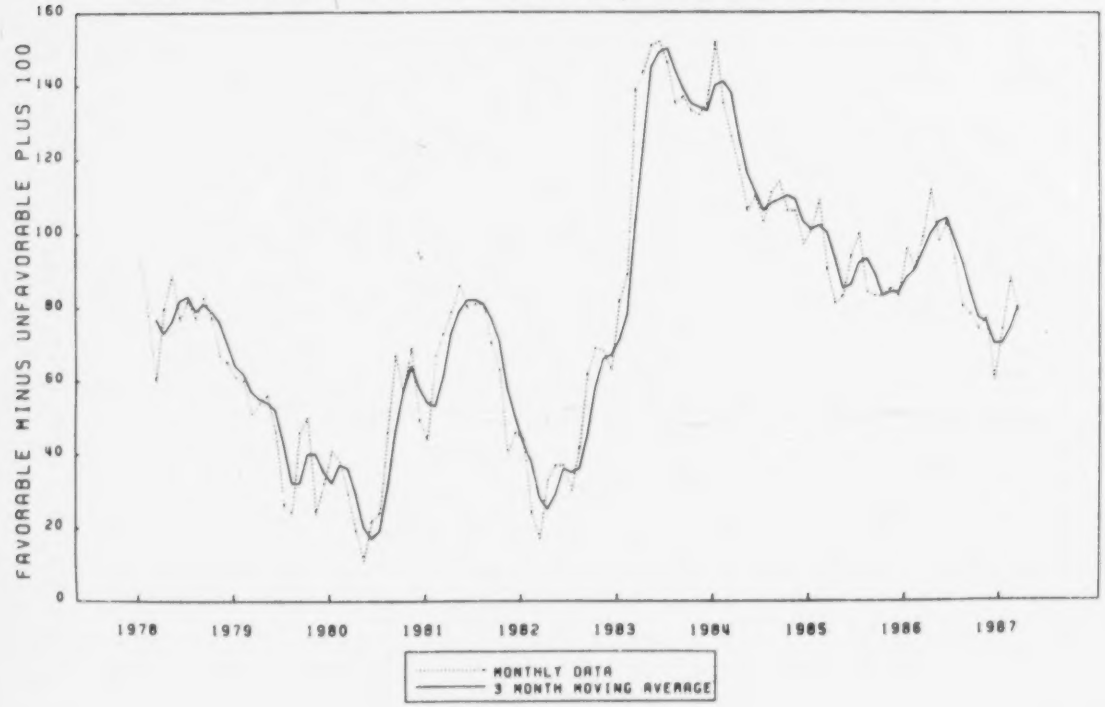



CHART 10 - HISTORICAL SERIES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

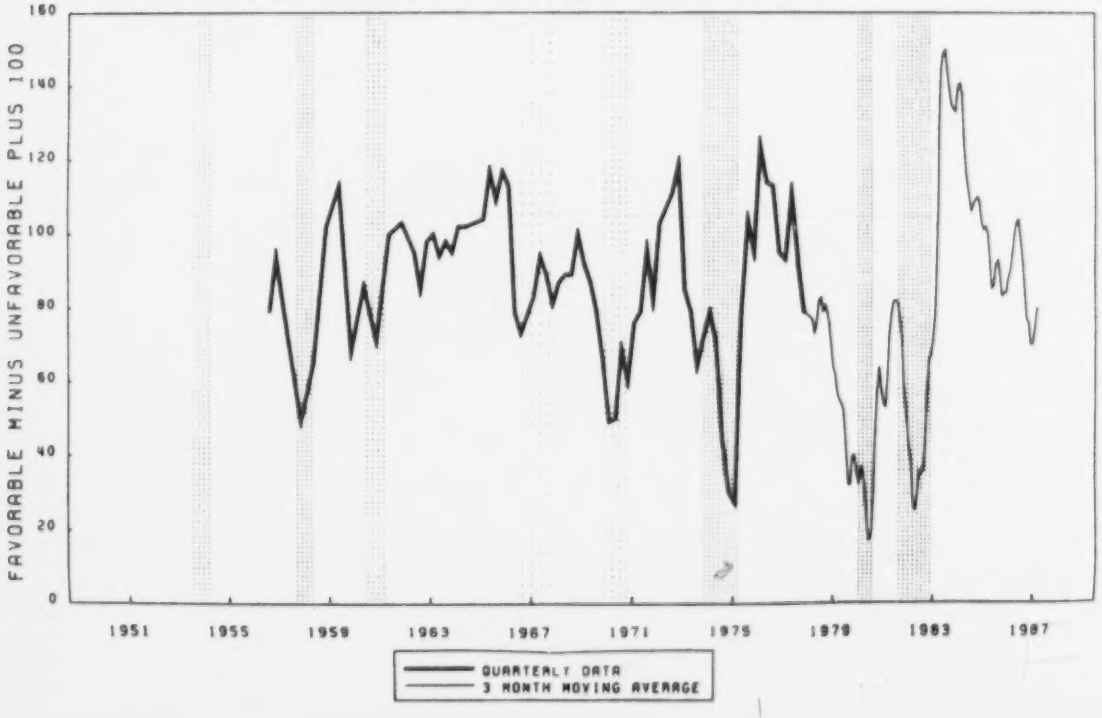


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FAVORABLE NEWS | 46% | 55% | 42% | 42% | 37% | 33% | 29% | 26% | 30% | 22% | 26% | 36% | 27% |
| UNFAVORABLE NEWS | 47 | 43 | 44 | 39 | 44 | 53 | 51 | 52 | 53 | 62 | 52 | 48 | 48 |
| NO MENTIONS | 43 | 38 | 44 | 46 | 45 | 44 | 49 | 48 | 47 | 44 | 44 | 45 | 49 |

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES

TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

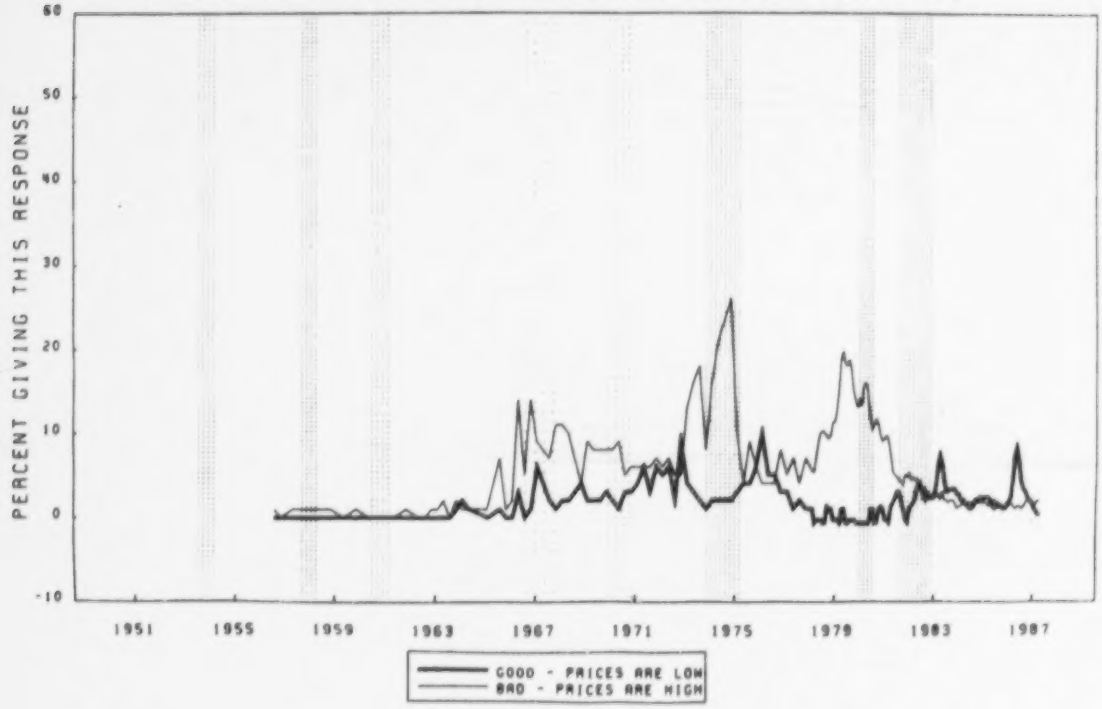



CHART 11B - HISTORICAL SERIES

TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

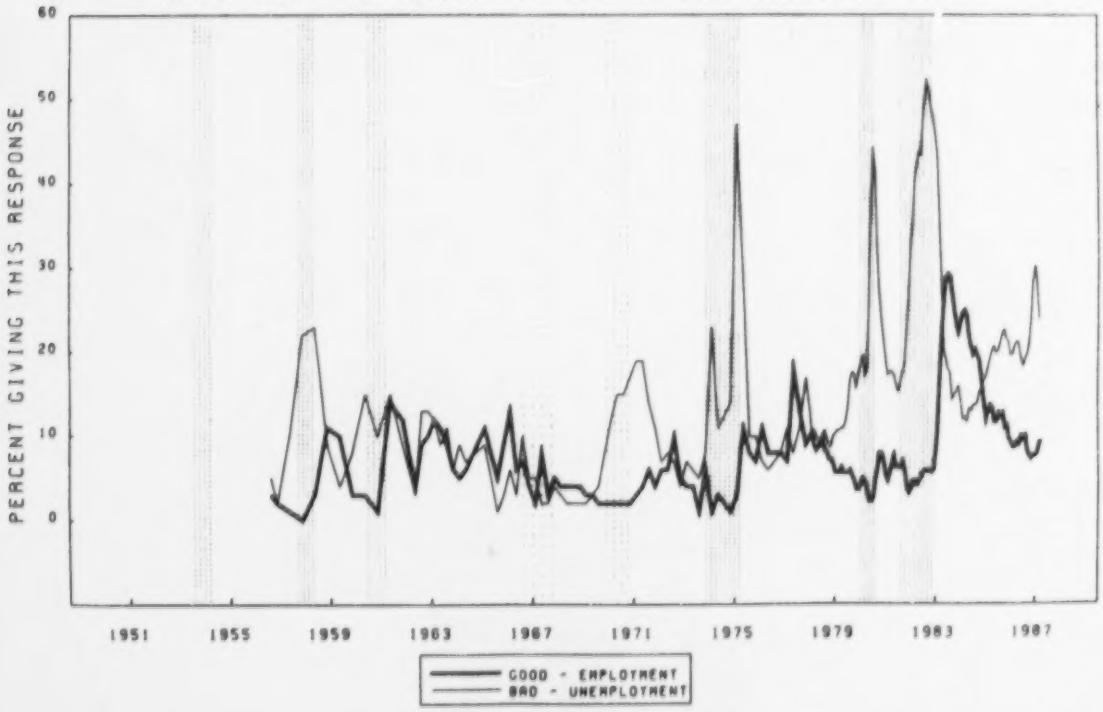


TABLE 11

SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FAVORABLE NEWS: | | | | | | | | | | | | | |
| Government; elections | * | 1% | 2% | 3% | 3% | 2% | 2% | 1% | 3% | 1% | 2% | 2% | 2% |
| Employment | 8 | 10 | 9 | 11 | 9 | 10 | 6 | 7 | 9 | 7 | 7 | 10 | 11 |
| Higher consumer demand | 3 | 3 | 2 | 2 | 1 | 3 | 2 | 3 | 2 | 2 | 3 | 3 | 1 |
| Lower prices | 8 | 11 | 6 | 3 | 4 | 3 | 2 | 2 | 2 | 1 | * | 1 | * |
| Easier credit | 15 | 17 | 11 | 9 | 11 | 7 | 11 | 8 | 5 | 5 | 5 | 6 | 4 |
| UNFAVORABLE NEWS: | | | | | | | | | | | | | |
| Government; elections | 3 | 3 | 3 | 4 | 5 | 5 | 6 | 8 | 6 | 8 | 9 | 5 | 7 |
| Unemployment | 23 | 20 | 20 | 18 | 19 | 21 | 19 | 23 | 29 | 33 | 29 | 23 | 20 |
| Lower consumer demand | 2 | 2 | 3 | 2 | 1 | 2 | 1 | 2 | 2 | 4 | 2 | 3 | 2 |
| Higher prices | 1 | 1 | 2 | 1 | * | 3 | 2 | 2 | 1 | 2 | 1 | 2 | 3 |
| Tighter credit | * | 1 | 1 | 2 | 1 | 1 | 1 | * | 1 | 1 | 1 | 1 | 1 |
| Energy crisis | * | * | 1 | * | * | * | * | * | * | * | * | * | * |

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

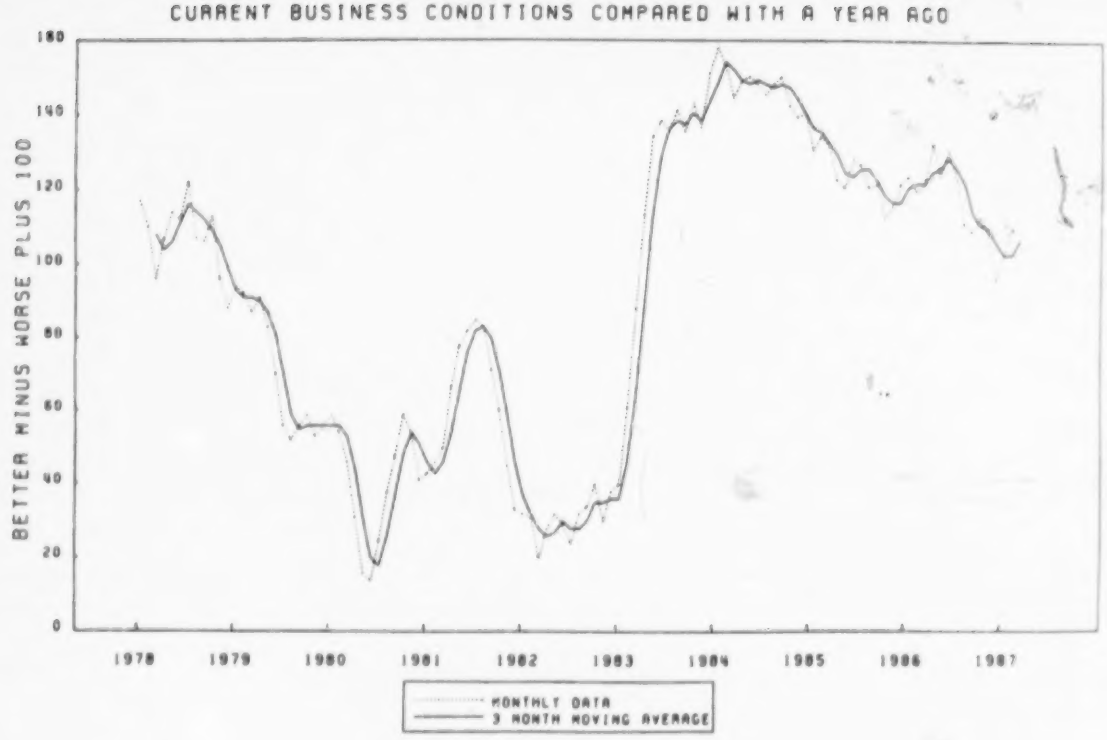



CHART 12 - HISTORICAL SERIES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

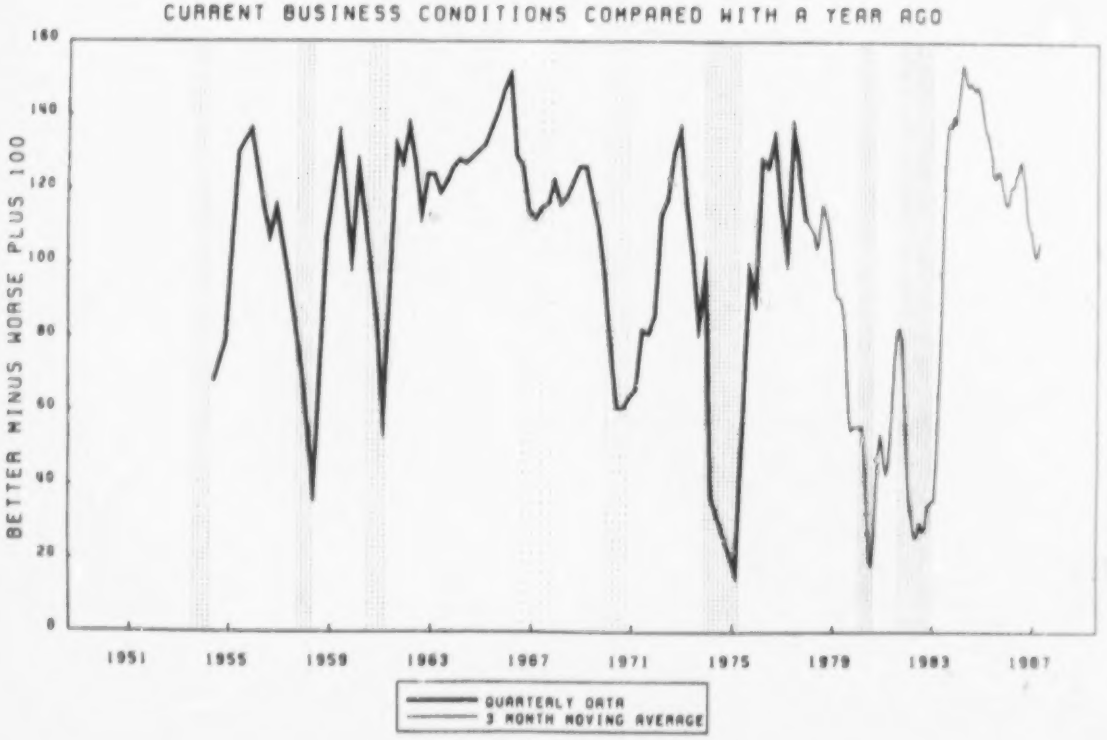


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BETTER NOW | 53% | 61% | 54% | 60% | 53% | 47% | 47% | 47% | 45% | 40% | 43% | 47% | 45% |
| SAME | 13 | 9 | 13 | 8 | 14 | 14 | 13 | 15 | 16 | 13 | 14 | 14 | 17 |
| WORSE NOW | 32 | 29 | 31 | 30 | 31 | 37 | 39 | 35 | 37 | 45 | 41 | 38 | 37 |
| DK,NA | 2 | 1 | 2 | 2 | 2 | 2 | 1 | 3 | 2 | 2 | 2 | 1 | 1 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 658 | 658 | 655 | 658 | 665 | 653 | 659 | 651 | 656 | 653 | 655 | 657 | 652 |

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BETTER | 29% | 29% | 26% | 25% | 24% | 26% | 23% | 21% | 20% | 20% | 24% | 22% | 22% |
| SAME | 53 | 55 | 57 | 60 | 60 | 56 | 55 | 59 | 59 | 56 | 58 | 54 | 61 |
| WORSE | 16 | 15 | 14 | 14 | 14 | 17 | 18 | 18 | 19 | 22 | 17 | 23 | 14 |
| DK,NA | 2 | 1 | 3 | 1 | 2 | 1 | 4 | 2 | 2 | 2 | 1 | 1 | 3 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 658 | 658 | 655 | 658 | 665 | 653 | 659 | 651 | 656 | 653 | 655 | 657 | 652 |

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

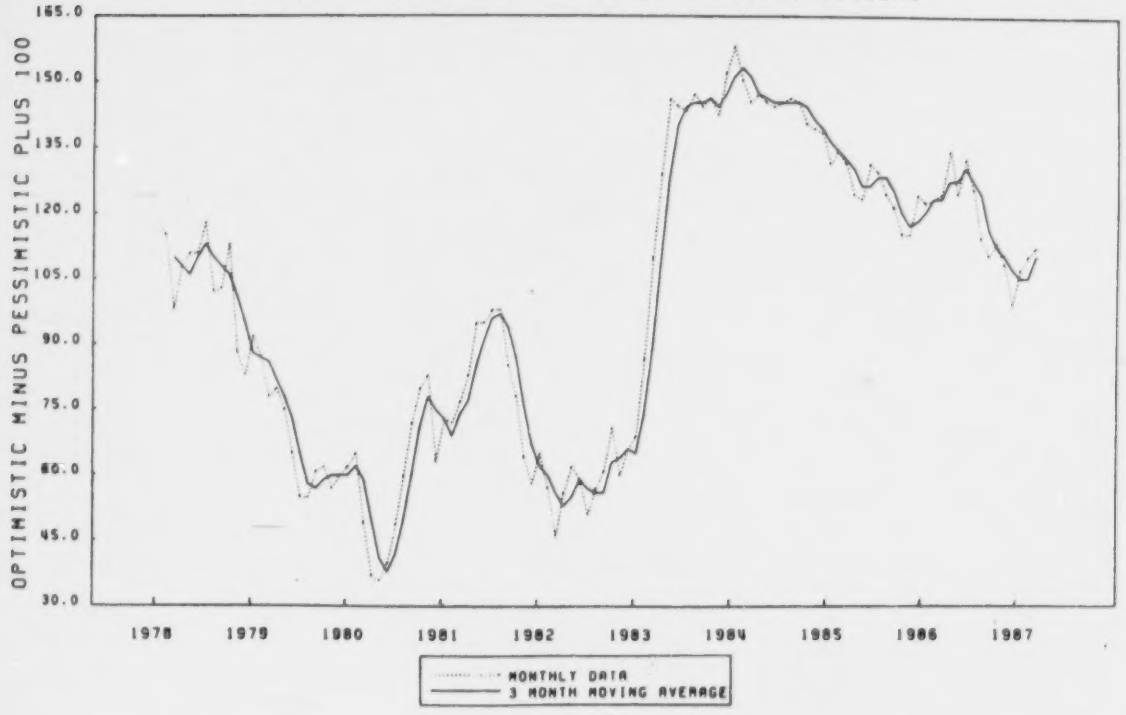



CHART 14 - HISTORICAL SERIES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

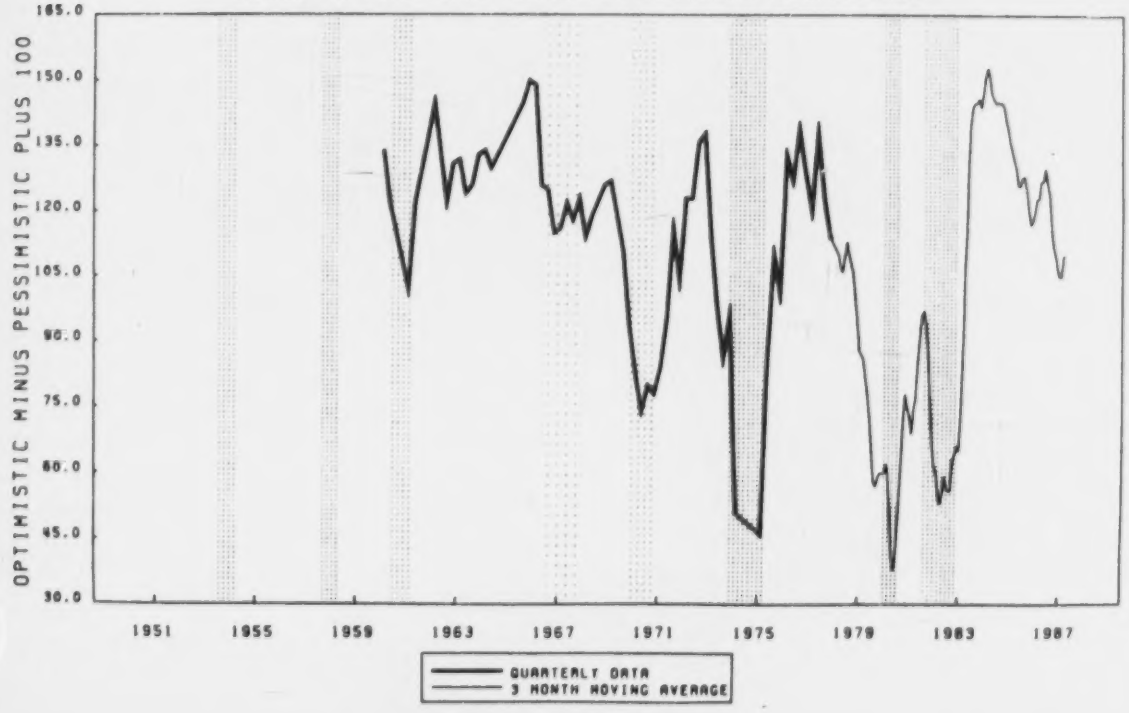


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| TREND: | | | | | | | | | | | | | |
| Continuous increase (a) | 20% | 23% | 19% | 18% | 16% | 17% | 15% | 13% | 12% | 12% | 15% | 14% | 13% |
| Intermittant increase (b) | 32 | 35 | 33 | 41 | 36 | 29 | 29 | 31 | 30 | 27 | 27 | 32 | 32 |
| Remain unchanged (c) | 7 | 7 | 8 | 5 | 10 | 10 | 8 | 10 | 10 | 10 | 10 | 7 | 11 |
| Intermittant decline (d) | 18 | 14 | 20 | 17 | 18 | 20 | 22 | 21 | 23 | 23 | 24 | 21 | 23 |
| Continuous decline (e) | 10 | 10 | 8 | 10 | 9 | 12 | 12 | 10 | 11 | 17 | 11 | 15 | 10 |
| Mixed change (f) | 10 | 8 | 9 | 7 | 8 | 9 | 10 | 11 | 11 | 7 | 10 | 9 | 7 |
| DK,NA | 3 | 3 | 3 | 2 | 3 | 3 | 4 | 4 | 3 | 4 | 3 | 2 | 4 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 658 | 658 | 655 | 658 | 665 | 653 | 659 | 651 | 656 | 653 | 655 | 657 | 652 |

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

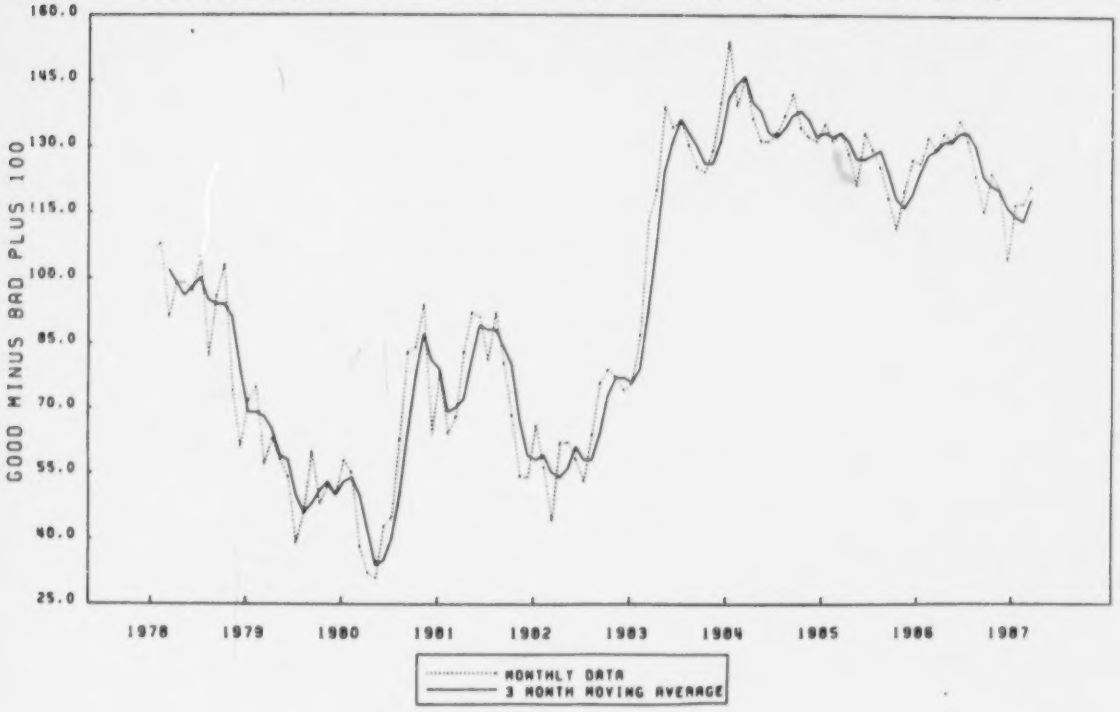



CHART 15 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

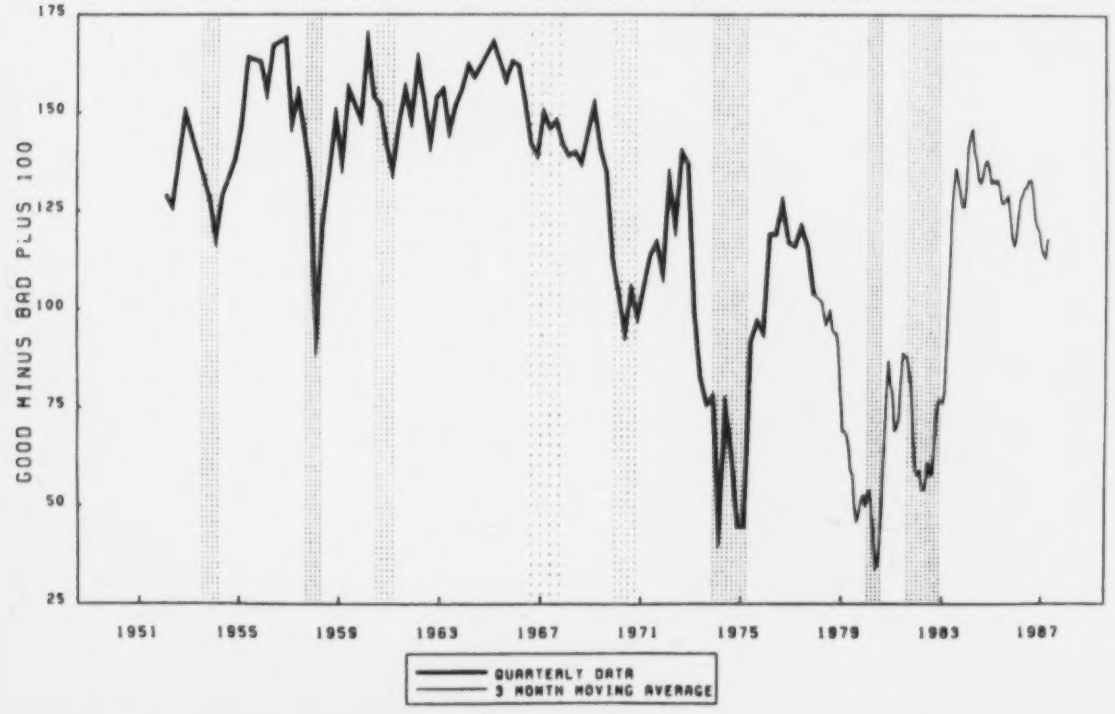


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GOOD TIMES | 58% | 61% | 60% | 62% | 61% | 55% | 50% | 55% | 53% | 45% | 53% | 53% | 55% |
| UNCERTAIN; GOOD & BAD | 3 | 2 | 2 | 2 | 3 | 4 | 3 | 3 | 3 | 2 | 3 | 1 | 2 |
| BAD TIMES | 29 | 28 | 29 | 26 | 30 | 32 | 35 | 31 | 33 | 41 | 36 | 36 | 34 |
| DON'T KNOW | 7 | 6 | 5 | 6 | 4 | 5 | 8 | 4 | 5 | 5 | 4 | 5 | 5 |
| NOT ASCERTAINED | 3 | 3 | 4 | 4 | 2 | 4 | 4 | 7 | 6 | 7 | 4 | 5 | 4 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 658 | 658 | 655 | 658 | 665 | 653 | 659 | 651 | 656 | 653 | 655 | 657 | 652 |

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

CHART 16 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

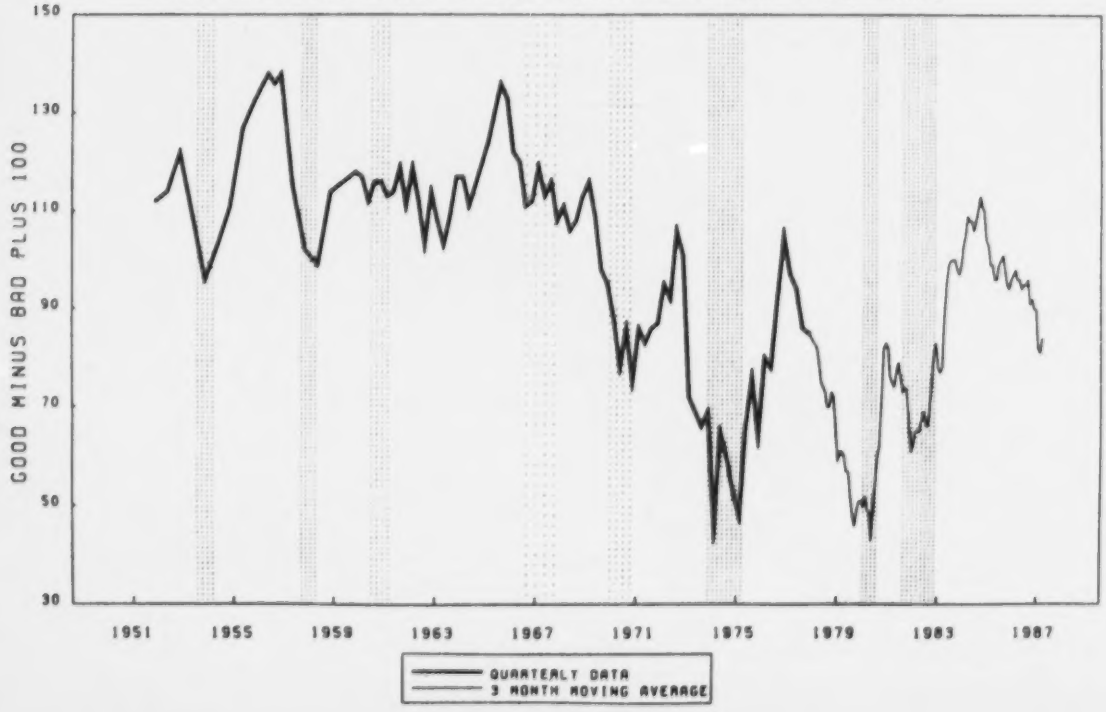


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GOOD TIMES | 39% | 36% | 37% | 40% | 38% | 39% | 33% | 41% | 35% | 33% | 30% | 34% | 39% |
| UNCERTAIN; GOOD & BAD | 13 | 18 | 14 | 14 | 13 | 10 | 11 | 13 | 14 | 13 | 13 | 12 | 10 |
| BAD TIMES | 43 | 42 | 45 | 40 | 44 | 45 | 49 | 42 | 48 | 50 | 53 | 50 | 47 |
| NOT ASCERTAINED | 5 | 4 | 4 | 6 | 5 | 6 | 7 | 4 | 3 | 4 | 4 | 4 | 4 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 658 | 658 | 655 | 658 | 665 | 653 | 659 | 651 | 656 | 653 | 655 | 657 | 652 |

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

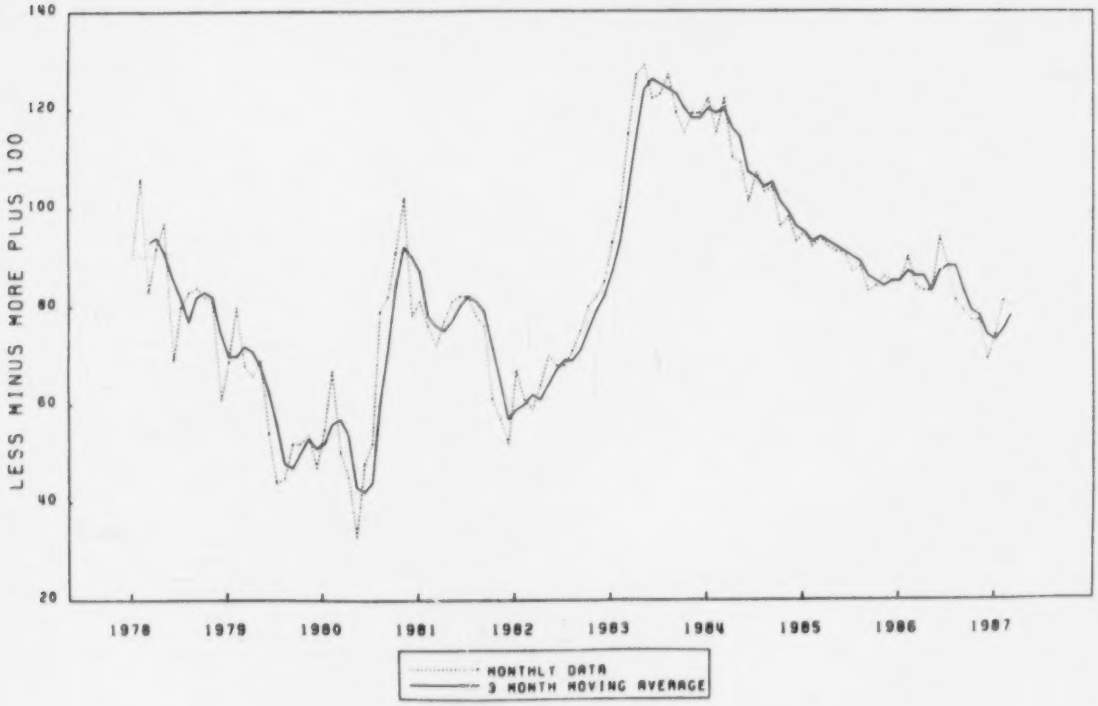



CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

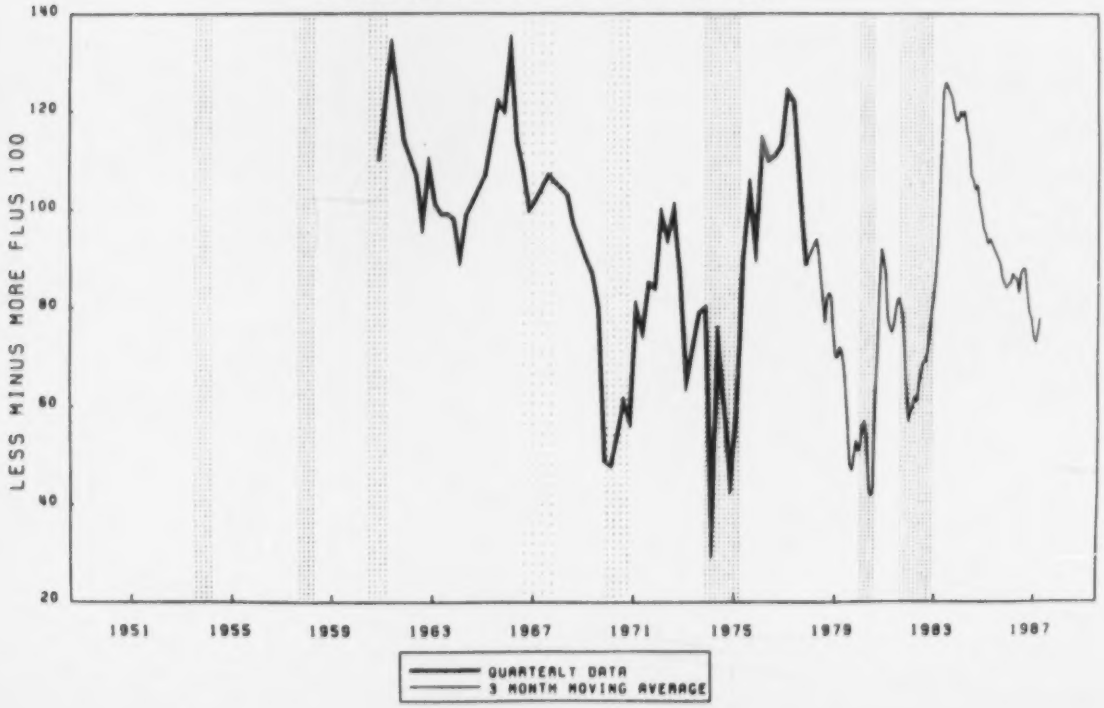


TABLE 17

EXPECTED CHANGE IN UNEMPLOYMENT

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| LESS | 17% | 15% | 14% | 20% | 15% | 13% | 11% | 10% | 11% | 11% | 12% | 14% | 15% |
| SAME | 48 | 51 | 54 | 53 | 56 | 54 | 54 | 55 | 54 | 46 | 49 | 52 | 48 |
| MORE | 33 | 32 | 31 | 26 | 27 | 32 | 32 | 33 | 34 | 42 | 38 | 33 | 35 |
| DK,NA | 2 | 2 | 1 | 1 | 2 | 1 | 3 | 2 | 1 | 1 | 1 | 1 | 2 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 658 | 658 | 655 | 658 | 665 | 653 | 659 | 651 | 656 | 653 | 655 | 657 | 652 |

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

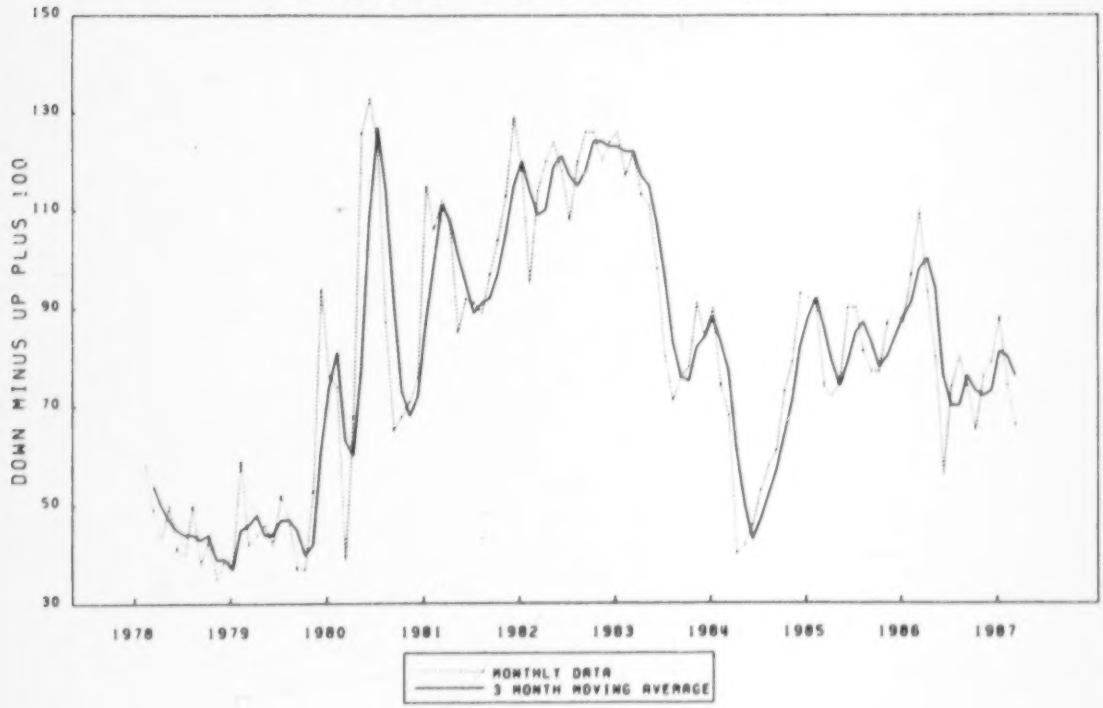



CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

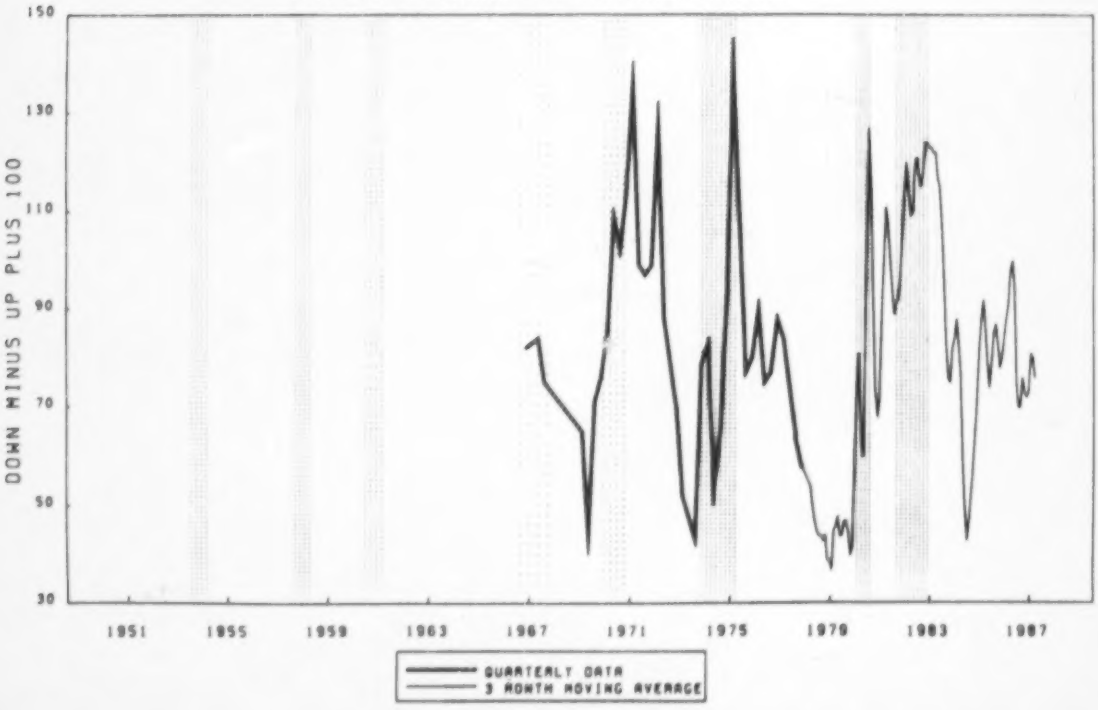


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GO UP | 26% | 35% | 41% | 54% | 45% | 42% | 49% | 50% | 43% | 41% | 37% | 43% | 49% |
| STAY THE SAME | 35 | 34 | 35 | 34 | 35 | 34 | 26 | 33 | 37 | 37 | 35 | 38 | 33 |
| GO DOWN | 36 | 28 | 21 | 10 | 19 | 22 | 23 | 15 | 19 | 20 | 25 | 17 | 15 |
| DK,NA | 3 | 3 | 3 | 2 | 1 | 2 | 2 | 2 | 1 | 2 | 3 | 2 | 3 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 658 | 658 | 655 | 658 | 665 | 653 | 659 | 651 | 656 | 653 | 655 | 657 | 652 |

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES

MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

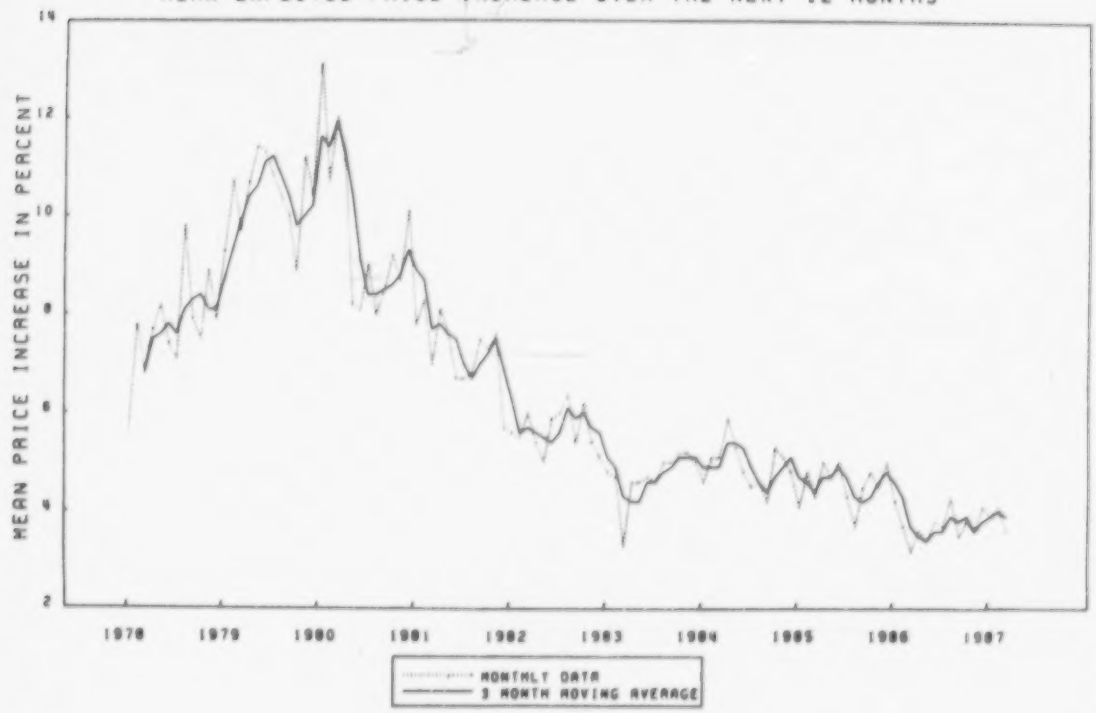



CHART 19 - HISTORICAL SERIES

MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

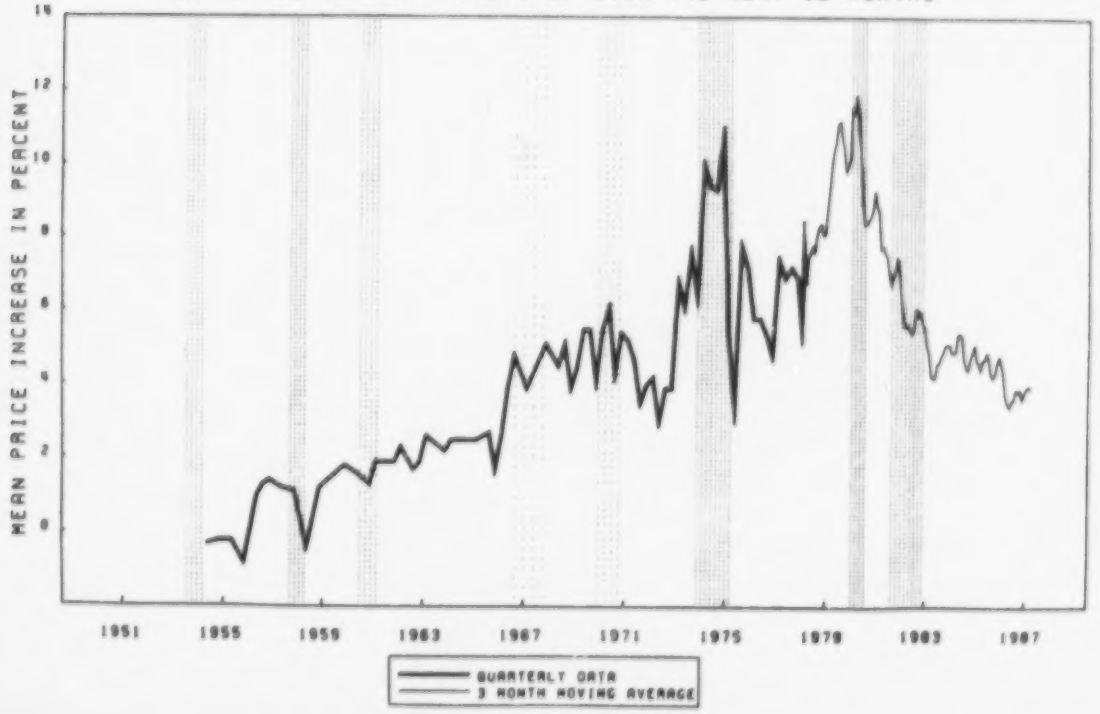


TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SAME OR DOWN | 36% | 35% | 31% | 22% | 29% | 21% | 23% | 22% | 22% | 20% | 20% | 21% | 21% |
| WILL GO UP BY: | | | | | | | | | | | | | |
| 1-2% | 13 | 15 | 13 | 20 | 13 | 18 | 18 | 17 | 19 | 18 | 18 | 17 | 19 |
| 3-4% | 16 | 18 | 22 | 20 | 23 | 24 | 23 | 19 | 25 | 23 | 24 | 21 | 21 |
| 5% | 15 | 11 | 14 | 16 | 16 | 14 | 16 | 21 | 15 | 17 | 14 | 18 | 18 |
| 6-9% | 4 | 5 | 5 | 6 | 5 | 7 | 5 | 5 | 6 | 7 | 6 | 5 | 6 |
| 10-14% | 6 | 7 | 6 | 6 | 5 | 8 | 5 | 8 | 7 | 6 | 7 | 9 | 5 |
| 15% or more | 3 | 4 | 3 | 4 | 4 | 4 | 3 | 2 | 2 | 4 | 4 | 4 | 3 |
| DK how much up | 6 | 4 | 4 | 5 | 4 | 4 | 6 | 5 | 3 | 4 | 6 | 5 | 6 |
| DK,NA | 1 | 1 | 2 | 1 | 1 | * | 1 | 1 | 1 | 1 | 1 | * | 1 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| MEAN INCREASE | 3.2 | 3.6 | 3.4 | 3.8 | 3.7 | 4.3 | 3.5 | 3.8 | 3.6 | 4.1 | 3.9 | 4.1 | 3.6 |
| VARIANCE | 39 | 42 | 27 | 23 | 32 | 38 | 18 | 17 | 28 | 32 | 25 | 26 | 18 |
| CASES | 658 | 658 | 655 | 658 | 665 | 653 | 659 | 651 | 656 | 653 | 655 | 657 | 652 |

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

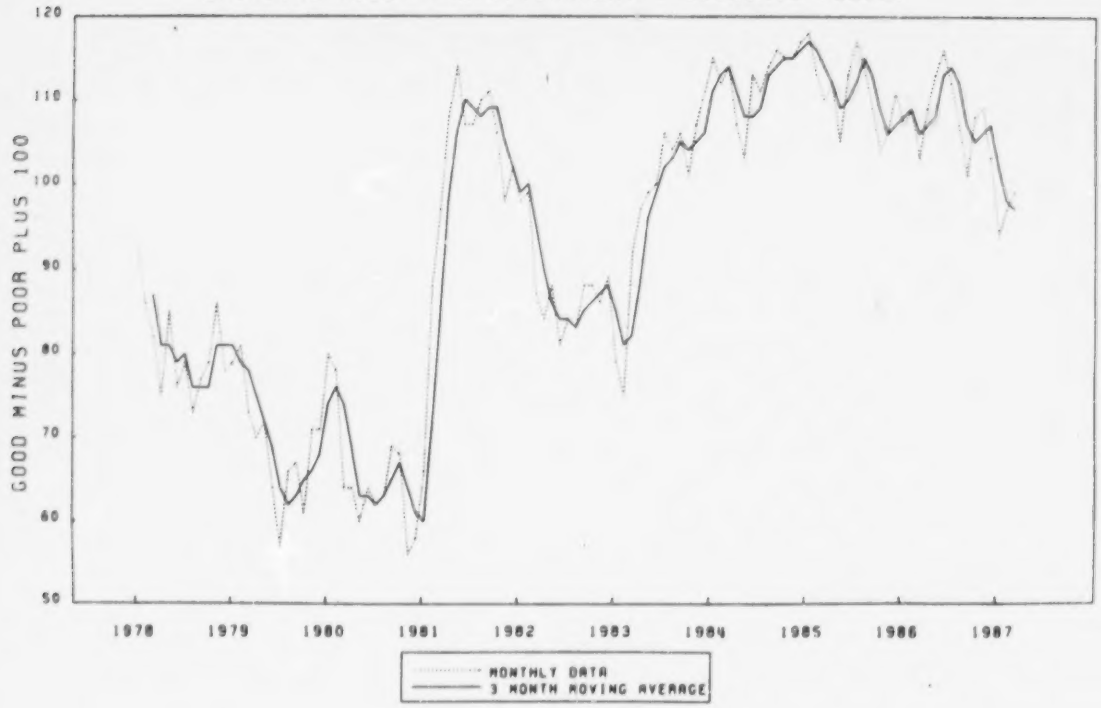



CHART 20 - HISTORICAL SERIES

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

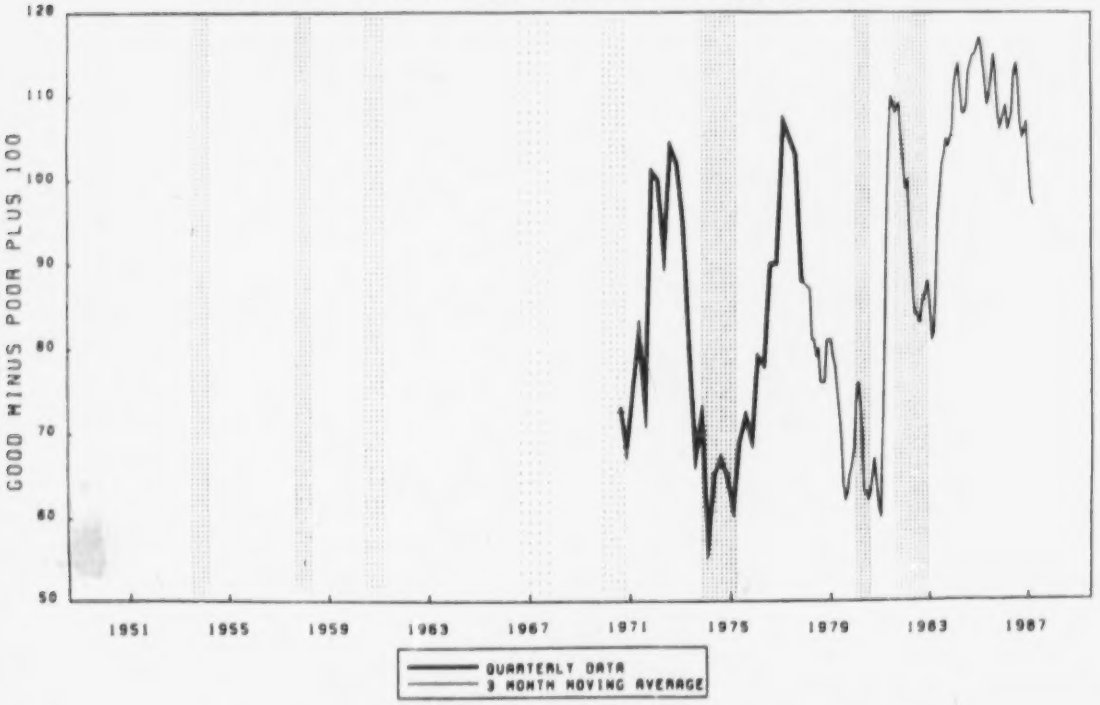


TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A GOOD JOB | 25% | 29% | 30% | 33% | 29% | 28% | 22% | 27% | 28% | 26% | 20% | 23% | 23% |
| ONLY FAIR | 51 | 50 | 49 | 49 | 52 | 50 | 54 | 52 | 51 | 49 | 52 | 49 | 52 |
| A POOR JOB | 22 | 20 | 17 | 17 | 17 | 21 | 21 | 19 | 19 | 23 | 26 | 26 | 24 |
| DK,NA | 2 | 1 | 4 | 1 | 2 | 1 | 3 | 2 | 2 | 2 | 2 | 2 | 1 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 658 | 658 | 655 | 658 | 665 | 653 | 659 | 651 | 656 | 653 | 655 | 657 | 652 |

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

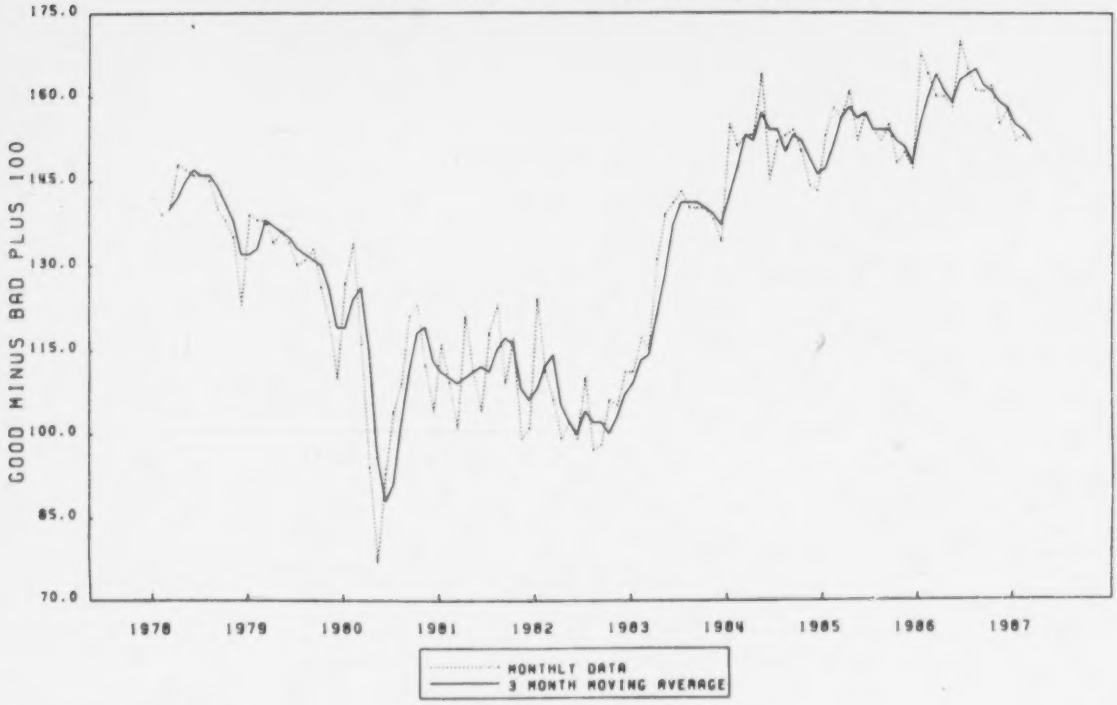



CHART 21 - HISTORICAL SERIES

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

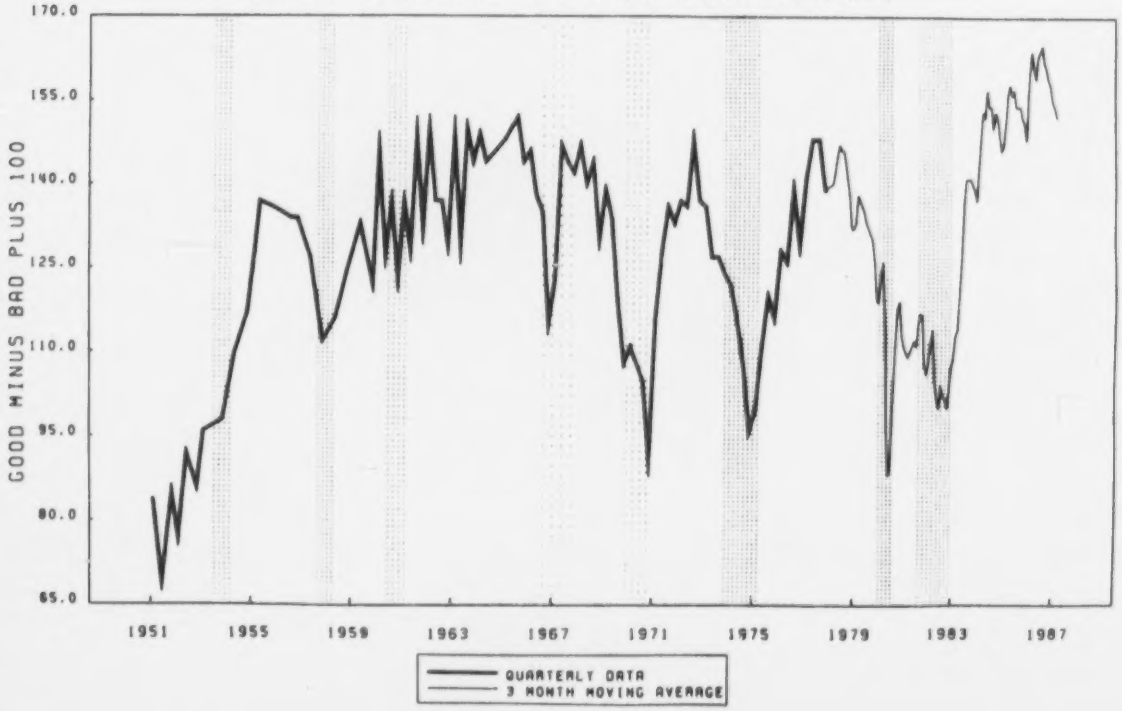


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GOOD TIME TO BUY | 75% | 75% | 75% | 81% | 79% | 77% | 76% | 76% | 72% | 75% | 72% | 73% | 71% |
| UNCERTAIN, DEPENDS | 10 | 10 | 8 | 8 | 7 | 7 | 9 | 10 | 11 | 8 | 8 | 7 | 10 |
| BAD TIME TO BUY | 15 | 15 | 17 | 11 | 14 | 16 | 15 | 14 | 17 | 17 | 20 | 20 | 19 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 658 | 658 | 655 | 658 | 665 | 653 | 659 | 651 | 656 | 653 | 655 | 657 | 652 |

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

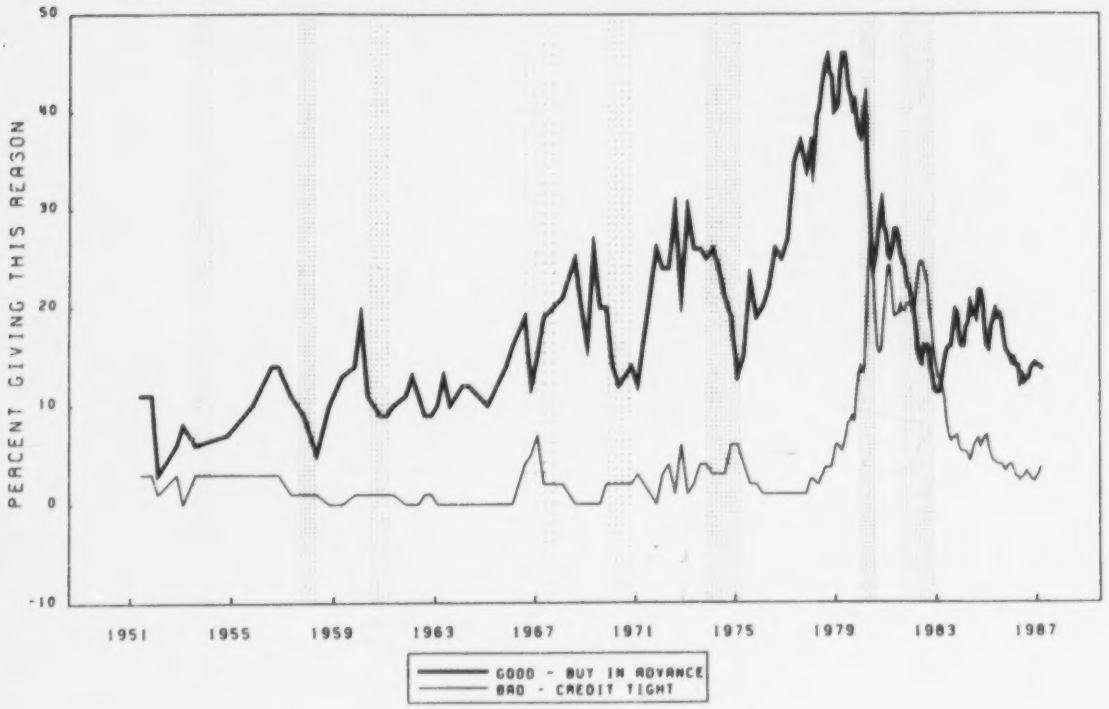



CHART 22B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

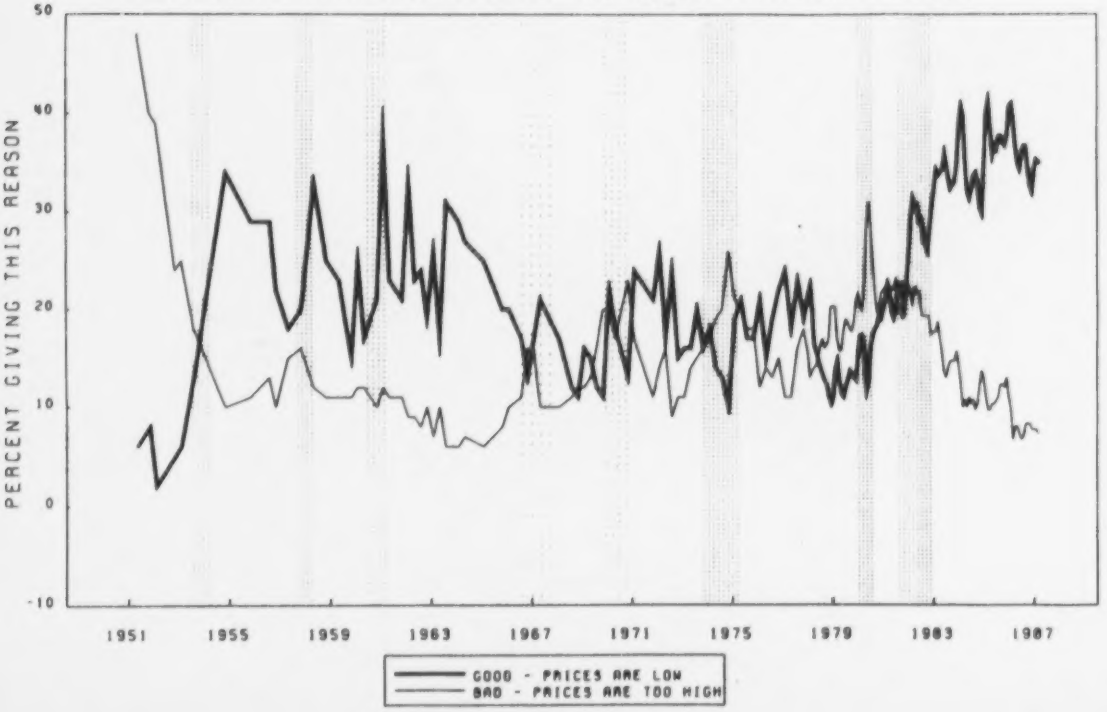


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GOOD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are low; good buys available | 37% | 35% | 33% | 35% | 40% | 35% | 35% | 33% | 30% | 33% | 40% | 33% | 32% |
| Prices won't come down; are going higher | 12 | 13 | 12 | 14 | 11 | 13 | 14 | 14 | 14 | 15 | 13 | 14 | 14 |
| Interest rates low; credit is easy | 21 | 29 | 31 | 31 | 26 | 26 | 29 | 26 | 25 | 18 | 20 | 21 | 23 |
| BAD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are high | 8 | 9 | 7 | 6 | 7 | 8 | 10 | 7 | 8 | 8 | 7 | 8 | 7 |
| Interest rates are high; credit is tight | 2 | 3 | 2 | 3 | 3 | 4 | 2 | 2 | 3 | 2 | 3 | 4 | 4 |
| Lack of purchasing power | 8 | 7 | 9 | 5 | 6 | 7 | 8 | 7 | 8 | 6 | 8 | 7 | 8 |

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

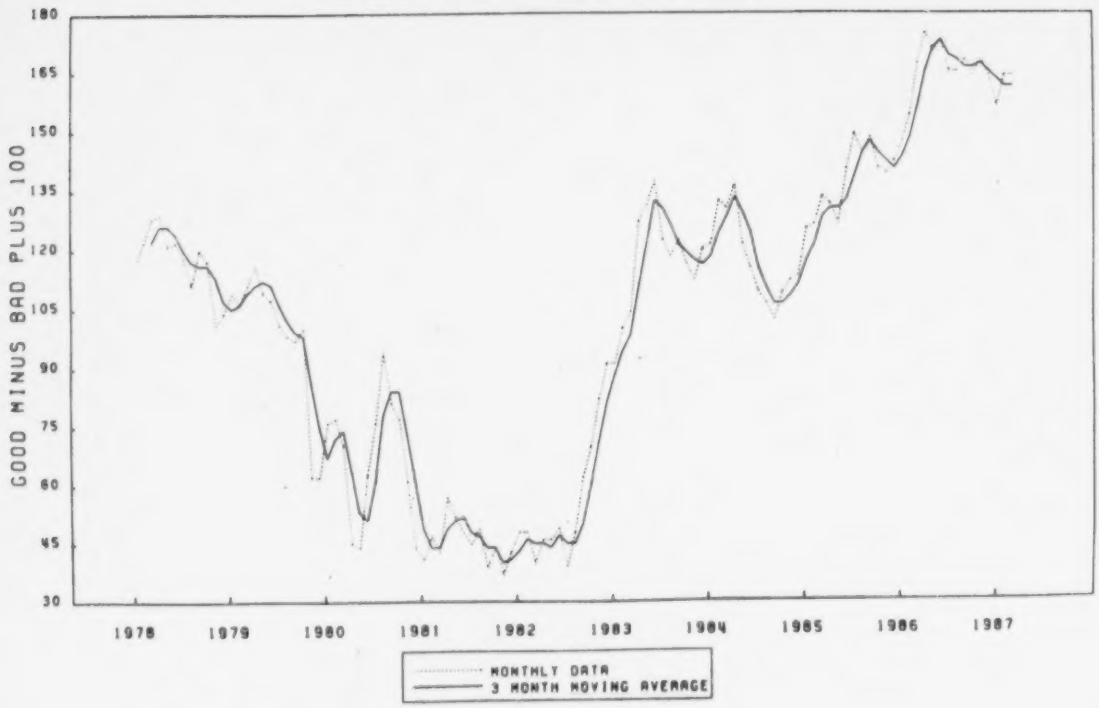



CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

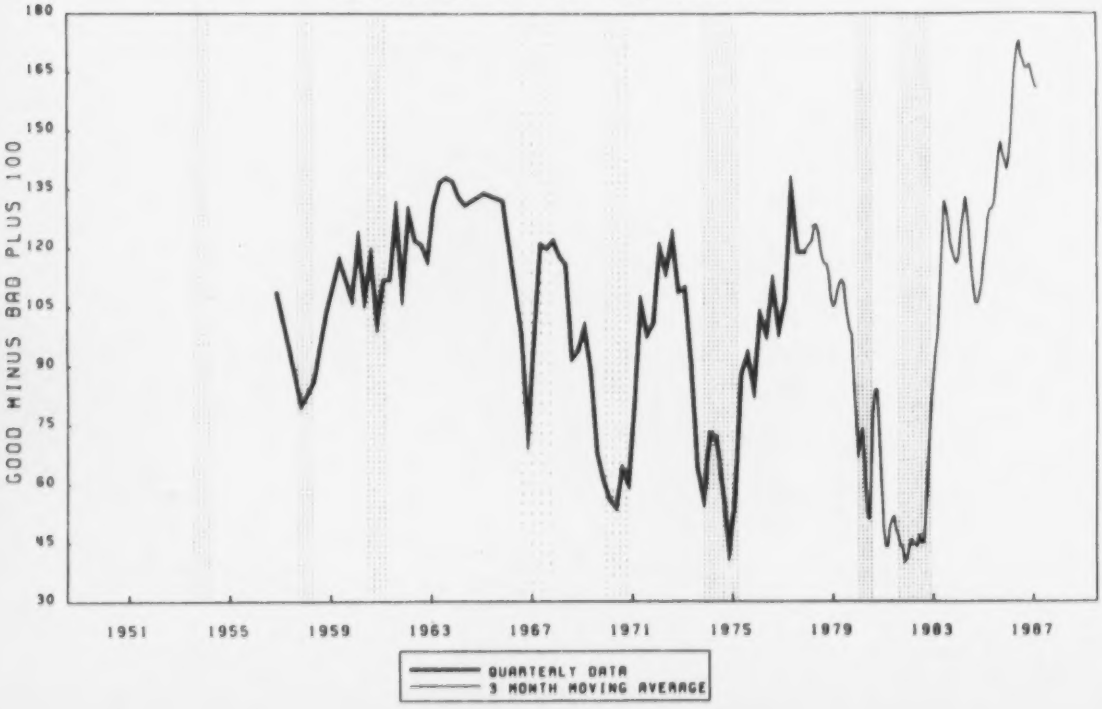


TABLE 23

BUYING CONDITIONS FOR HOUSES

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GOOD TIME TO BUY | 82% | 86% | 83% | 86% | 82% | 81% | 83% | 81% | 83% | 80% | 76% | 81% | 80% |
| UNCERTAIN, DEPENDS | 3 | 3 | 4 | 1 | 1 | 3 | 2 | 2 | 2 | 4 | 4 | 2 | 4 |
| BAD TIME TO BUY | 15 | 11 | 13 | 13 | 17 | 16 | 15 | 17 | 15 | 16 | 20 | 17 | 16 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 658 | 658 | 655 | 658 | 665 | 653 | 659 | 651 | 656 | 653 | 655 | 657 | 652 |

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

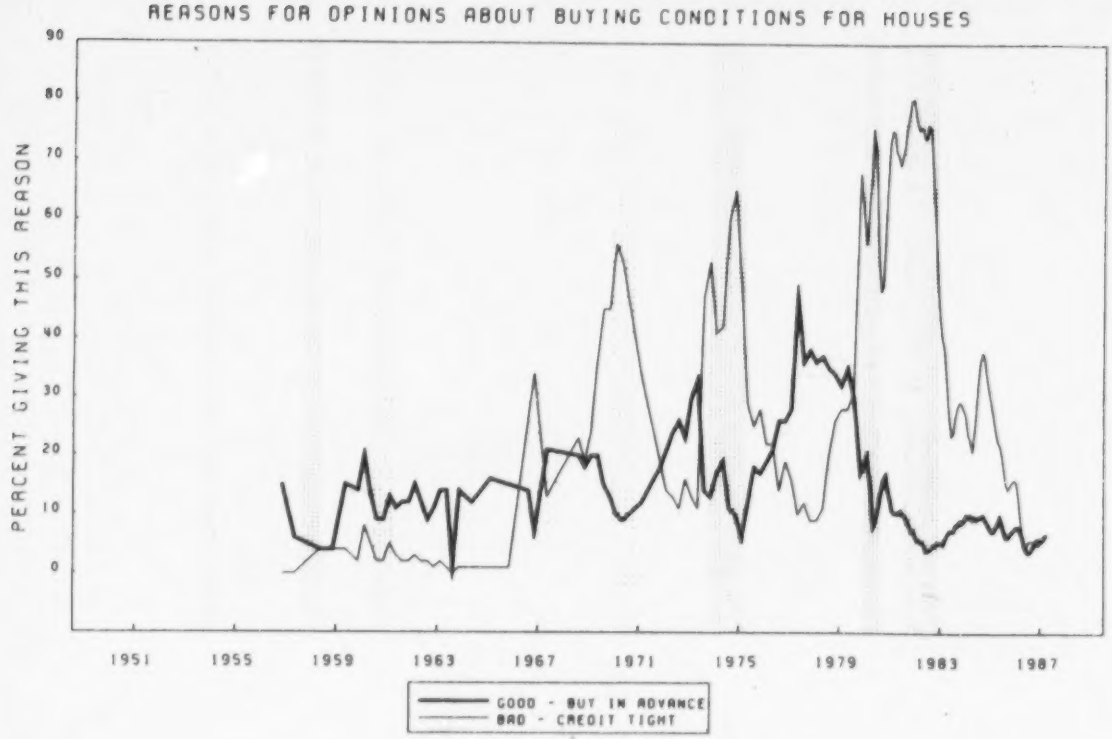



CHART 24B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

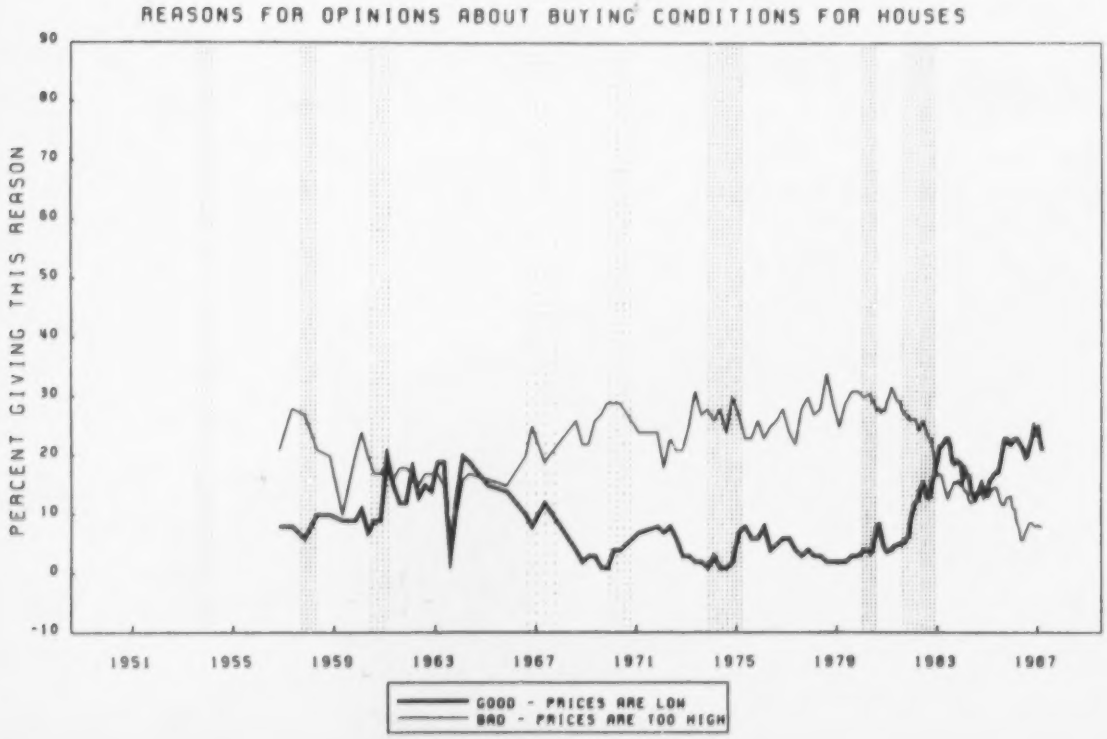


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GOOD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are low; good buys available | 23% | 22% | 20% | 21% | 18% | 21% | 26% | 22% | 27% | 23% | 24% | 21% | 19% |
| Prices won't come down; are going higher | 6 | 5 | 3 | 4 | 4 | 4 | 6 | 6 | 6 | 6 | 5 | 7 | 8 |
| Interest rates low; credit is easy | 76 | 83 | 80 | 83 | 77 | 78 | 79 | 75 | 75 | 73 | 69 | 74 | 71 |
| Good investment | 5 | 3 | 3 | 3 | 5 | 3 | 5 | 6 | 5 | 6 | 6 | 3 | 6 |
| BAD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are high | 6 | 5 | 6 | 6 | 9 | 8 | 9 | 9 | 7 | 8 | 10 | 6 | 8 |
| Interest rates are high; credit is tight | 5 | 4 | 5 | 5 | 7 | 5 | 5 | 5 | 5 | 5 | 7 | 6 | 6 |
| Lack of purchasing power | 8 | 6 | 6 | 6 | 7 | 8 | 6 | 8 | 8 | 7 | 9 | 8 | 6 |

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

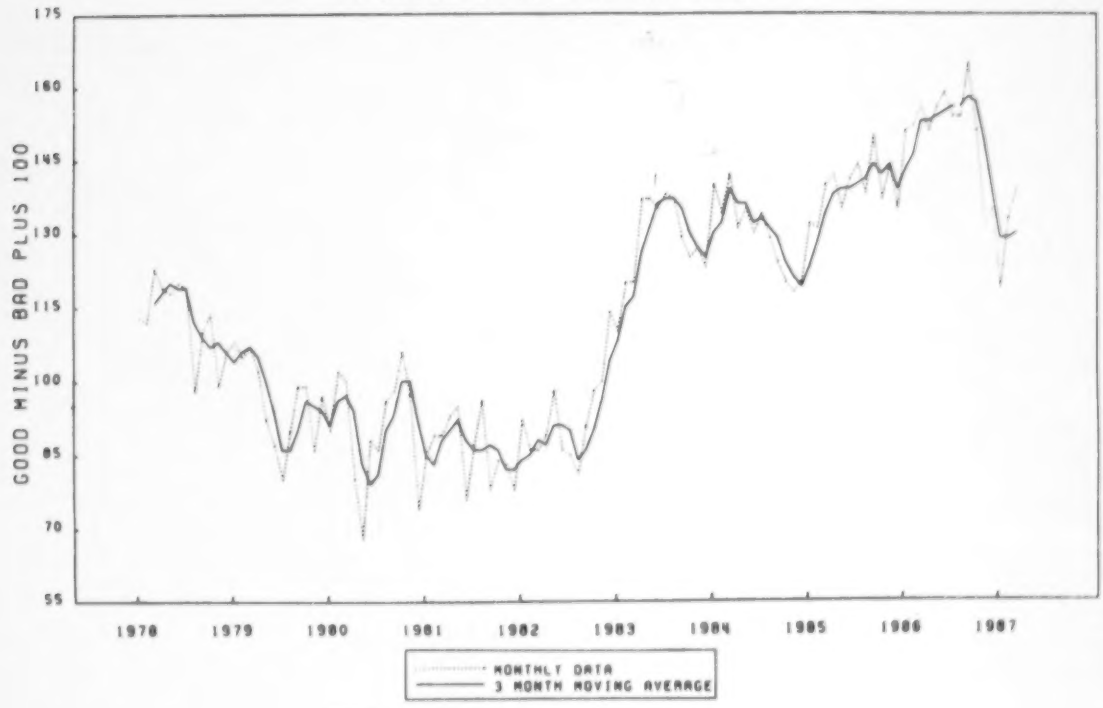



CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

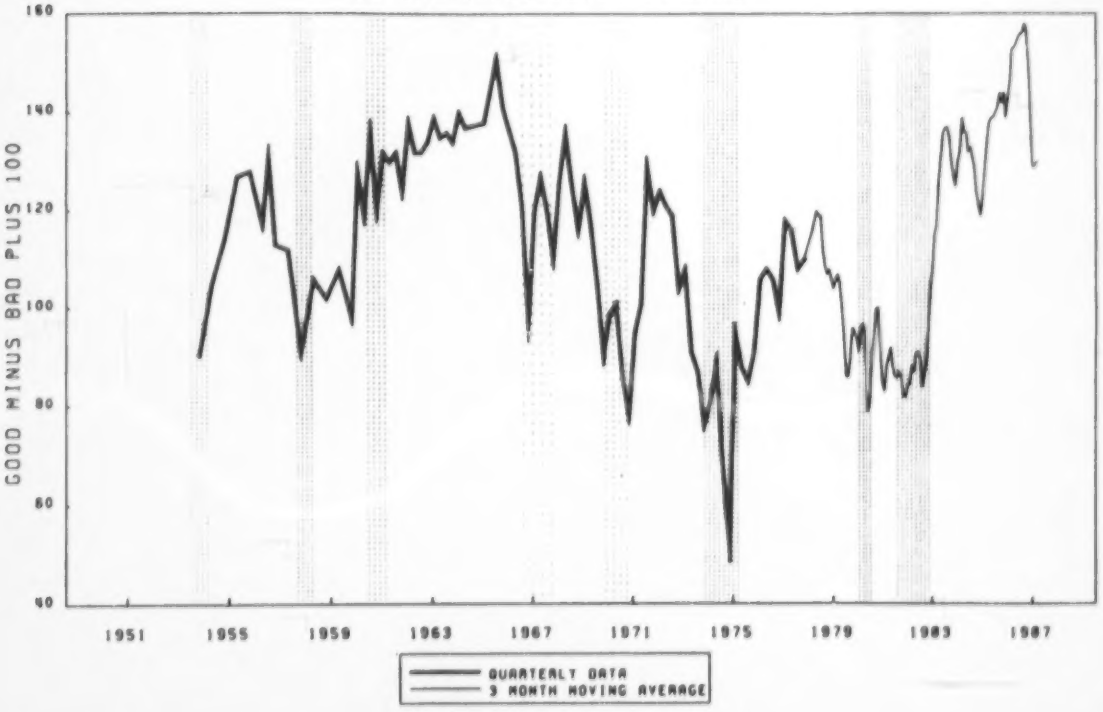


TABLE 25

BUYING CONDITIONS FOR CARS

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GOOD TIME TO BUY | 74% | 73% | 75% | 77% | 74% | 73% | 81% | 72% | 63% | 64% | 55% | 62% | 66% |
| UNCERTAIN; DEPENDS | 8 | 5 | 6 | 5 | 6 | 8 | 3 | 7 | 6 | 7 | 9 | 9 | 7 |
| BAD TIME TO BUY | 18 | 22 | 19 | 18 | 20 | 19 | 16 | 21 | 31 | 29 | 36 | 29 | 27 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 658 | 658 | 655 | 658 | 665 | 653 | 659 | 651 | 656 | 653 | 655 | 657 | 652 |

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

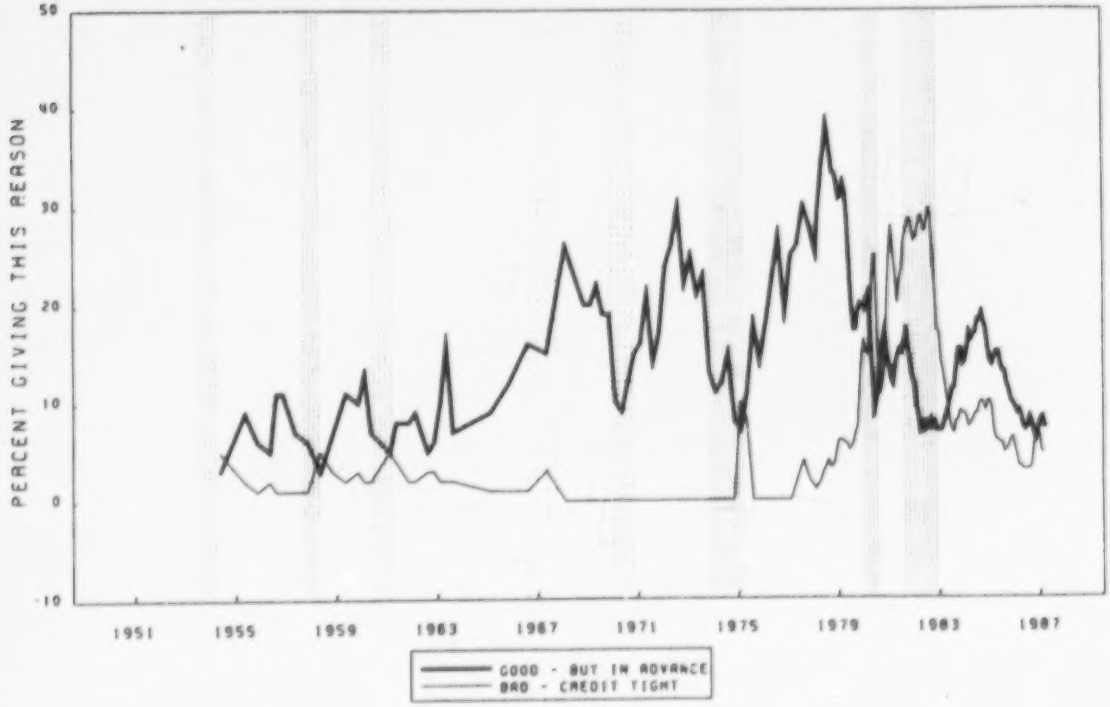



CHART 26B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

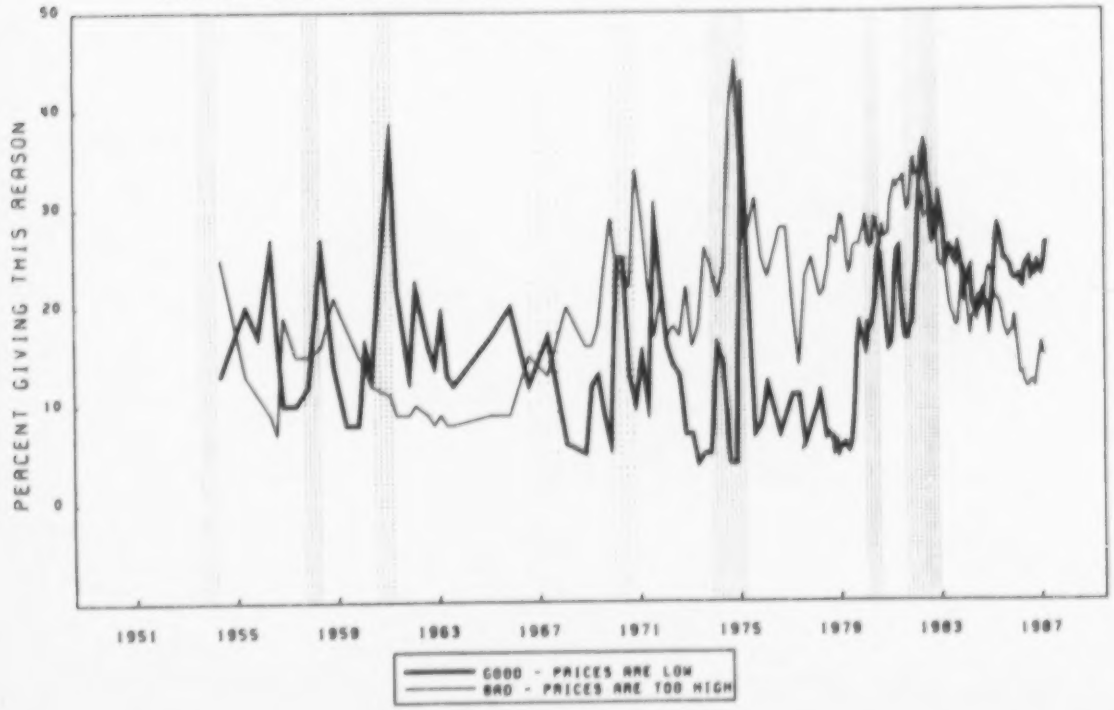


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

| | Mar. 1986 | Apr. 1986 | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept 1986 | Oct. 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GOOD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are low; good buys available | 22% | 22% | 28% | 23% | 23% | 23% | 25% | 22% | 26% | 23% | 21% | 29% | 29% |
| Prices won't come down; are going higher | 9 | 7 | 6 | 8 | 8 | 9 | 6 | 5 | 7 | 9 | 8 | 8 | 6 |
| Interest rates low; credit is easy | 54 | 54 | 58 | 62 | 53 | 52 | 73 | 58 | 43 | 45 | 34 | 38 | 44 |
| New fuel efficient models | * | 1 | * | * | 1 | * | * | * | * | * | 1 | * | * |
| BAD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are high | 13 | 14 | 10 | 11 | 14 | 12 | 11 | 12 | 17 | 15 | 17 | 13 | 15 |
| Interest rates are high; credit is tight | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 8 | 9 | 4 | 6 | 4 | 4 |
| Lack of purchasing power | 4 | 6 | 6 | 4 | 5 | 5 | 2 | 2 | 4 | 4 | 6 | 6 | 5 |
| Price of gas; shortages | * | * | * | * | * | * | * | * | * | * | * | * | * |
| Poor selection; quality | 3 | 2 | 2 | 2 | 3 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 |

Responses to the query: "Why do you say so?" following the question on Table 25.

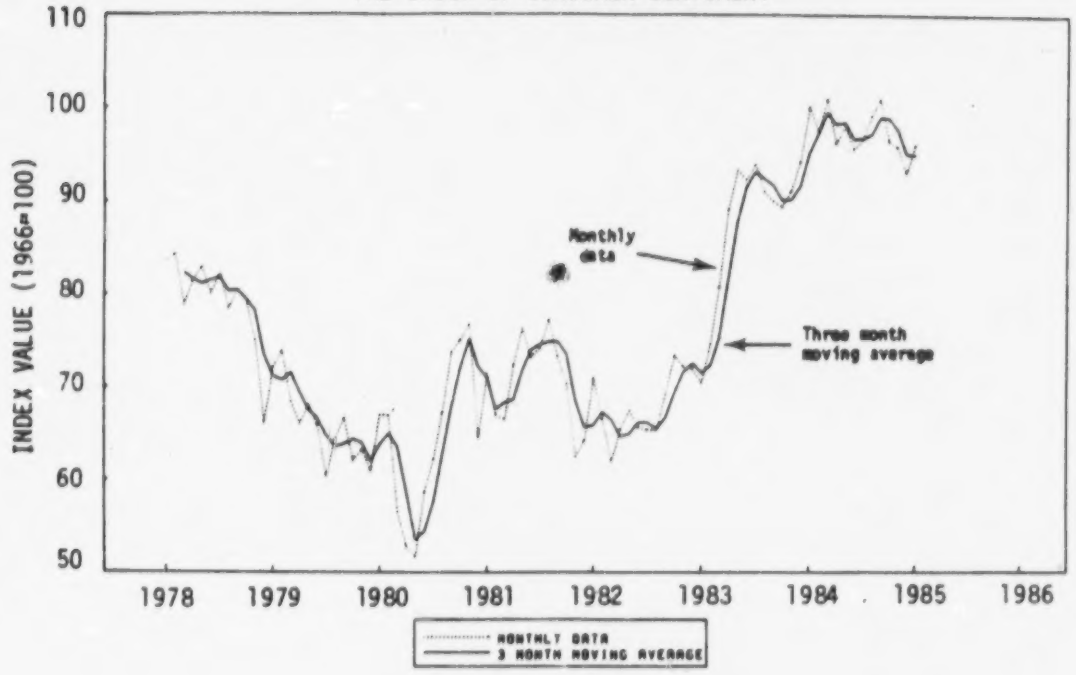
+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

# EXPLANATORY CHARTS

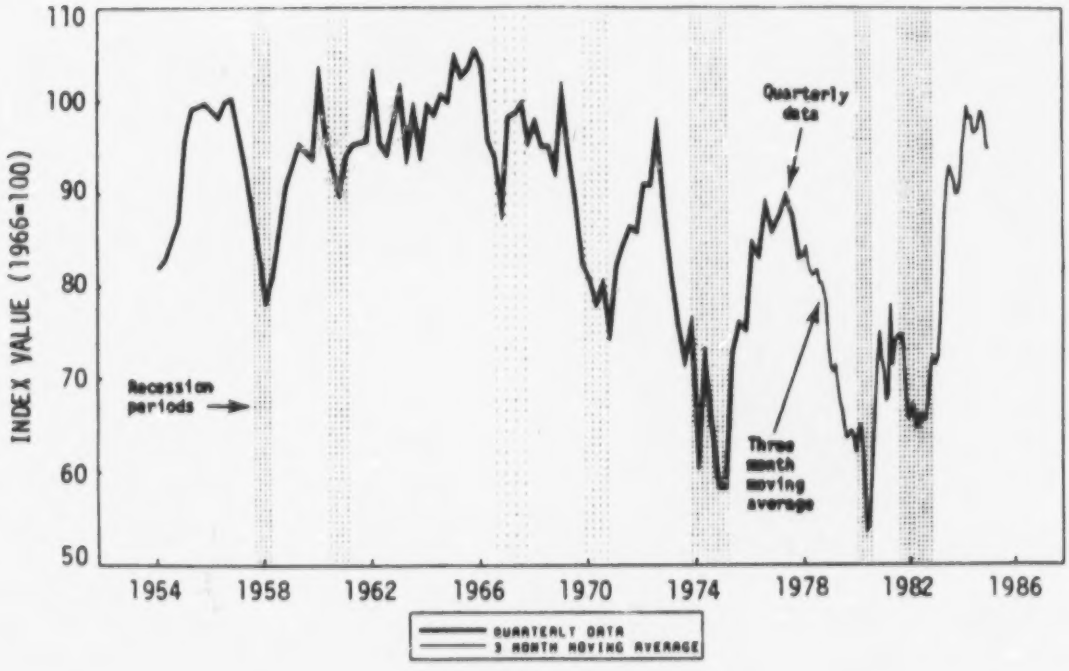
## CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT




## CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



## DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

## TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

## NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

| | | | | |
|---|---|---|---|---|
| DATES: | November | 1948 - | October | 1949 |
| | July | 1953 - | May | 1954 |
| | August | 1957 - | April | 1958 |
| | April | 1960 - | February | 1961 |
| | June | 1966 - | November | 1967* |
| | December | 1969 - | November | 1970 |
| | November | 1973 - | March | 1975 |
| | January | 1980 - | July | 1980 |
| | July | 1981 - | November | 1982 |

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

## APPROXIMATE SAMPLING ERRORS[a] OF SURVEY FINDINGS

(In percentages by size of sample or subgroup)

| Reported Percentages | Number of Interviews | | |
|---|---|---|---|
| | 700[b] | 1,400[c] | 2,100[d] |
| 50 | 4.2 | 3.2 | 2.8 |
| 30 or 70 | 3.8 | 2.9 | 2.5 |
| 20 or 80 | 3.4 | 2.6 | 2.2 |
| 10 or 90 | 2.5 | 1.9 | 1.6 |
| 5 or 95 | 1.8 | 1.4 | 1.2 |

[a]The figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

[b]Average size of monthly surveys.

[c]Average size of two monthly surveys.

[d]Average size of three monthly surveys (one quarter).